

Nation's Business

Lawmakers get the word
The trouble with black capitalism
How to keep on target

*See folder
large file
Council of Econ. Adv.
HAR*

EXCLUSIVE INTERVIEW
WITH FULL
COUNCIL OF
ECONOMIC
ADVISERS

PAGE 68



The switch is on... IML goes Ford V-8 Diesels, too!



One of IML's Ford C-8000 city tractors with 225-hp V-8 Diesel

IML's new Fords cut trip time, provide outstanding fuel economy!

**Mr. Grant Secrist, Director
of Maintenance and Equipment,
IML Freight, Inc., Salt Lake
City, Utah, reports:**

"We were quick to add 22 Ford tilts with 150-, 200- and 225-hp Diesels because we had confidence in the two names backing them—Ford and Caterpillar. Our experience to date has been very good. Fuel economy is even better than we expected. Our 150-hp rigs are averaging about 10 mpg, which is comparable to what our smaller city Diesels are doing.

"We've enjoyed good success with our fleet of 192 Ford city-size six-cylinder Diesels but we wanted more power for some of our routes. Now, Ford has filled the horsepower gap at the higher end of city-delivery truck and intra-city

tractor applications with these new Ford V-Series Diesels by Caterpillar.

"Our drivers' reaction and acceptance has been very good, too. They are happy with the powerful response of these V-8's and the good riding and handling qualities of Ford C-Series tilts. Another major advantage is the remarkable parts interchangeability between all three sizes of the V-8 Diesel family, which lowers our parts inventory. In addition, we've been impressed with the experienced, qualified Ford and Caterpillar service personnel. This is important to us because we operate from California to New York.

"Based on our present experience, we don't hesitate to recommend Ford V-8 Diesels. We're planning on ordering more."

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TRUCKS**



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YOUR
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NETWORK

Nation's Business

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Cover photograph: Yoichi R. Okamoto

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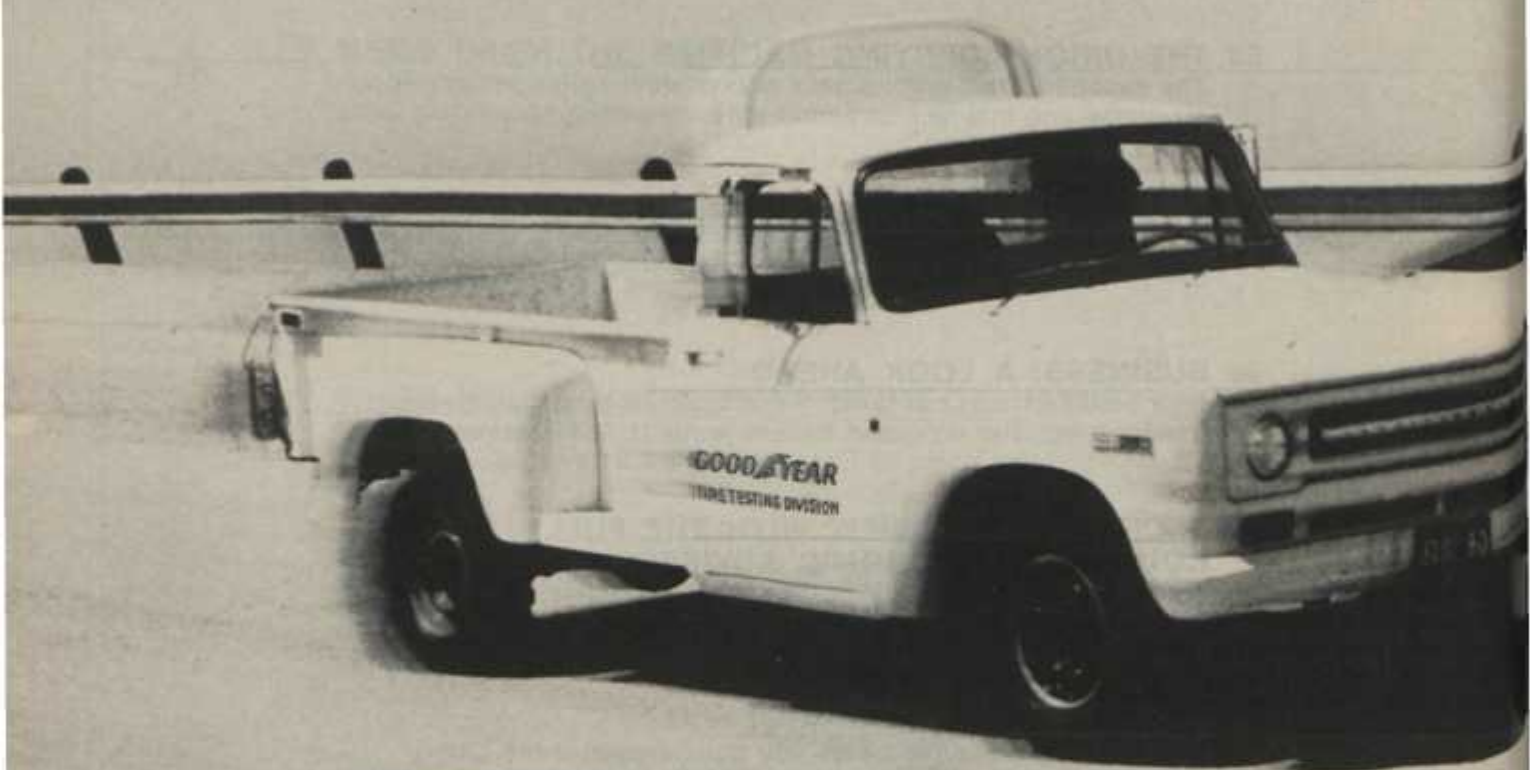
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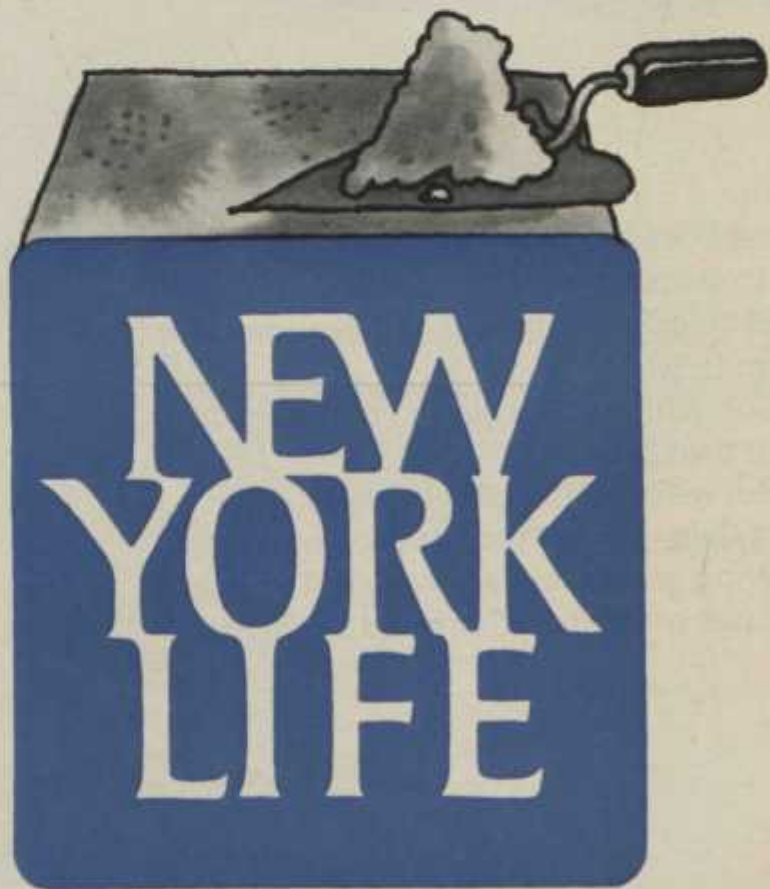
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memo from the editor:

NATION'S BUSINESS • PUBLISHED BY THE CHAMBER OF COMMERCE OF THE UNITED STATES • 1615 H ST., N.W., WASHINGTON, D.C. 20005

The deep concern of America's businessmen about social problems is hardly news to the readers of NATION'S BUSINESS.

When the magazine was less than a year old, it published on June 16, 1913, a four-page article on "Commercial Organizations in Social Welfare." Programs strikingly similar to some now being pushed as "modern answers" to problems were detailed under the headings of Charities, Better Homes, Recreation, Labor Matters and Municipal Betterment.

Even then, local and state Chambers of Commerce were finding constructive answers to socio-economic problems, and the fledgling National Chamber, itself founded in 1912, was becoming deeply involved.

Fifty-four years later, as the racial crisis hit a peak in October, 1967, NATION'S BUSINESS readers were the first to read an historic statement that has cropped up in dozens of other publications since.

In an exclusive interview with our editors, Dr. Kenneth B. Clark, noted Negro psychologist, declared, "Business and industry are our last hope" as "the most realistic elements of our society."

He bluntly accused the other elements of our society—government, education, churches and labor—of defaulting in

dealing with Negro problems. However, the importance of business in solving social and economic problems is only now being widely recognized. This is particularly true of government.

"For the first time in 35 years government officials are turning to private enterprise—and are inviting private enterprise to play a major role in the solution of the nation's economic and social problems," says Arch N. Booth, executive vice president of the Chamber of Commerce of the United States.

He notes that business-government cooperation made possible the astronauts' flight to the moon and he urges similar cooperation to solve problems here at home.

"I am sure the progressive business leaders concerned about today's vital problems will accept every opportunity to offer constructive proposals and to seek constructive cooperation," Mr. Booth says.

The National Chamber decided to "shoot for the moon" to bring about real dialogue between business and government. It co-sponsored with state and local Chambers 26 simultaneous "town hall" types of meetings linked together with live, theater-size color television.

The more than 20,000 business and community leaders at the meetings were able to ask questions "live" and get instant answers from five Cabinet members who are on the President's Urban Affairs Council. Functions of the Council were explained by Vice President Agnew and Council Chairman Daniel Patrick Moynihan.

As promised, the Cabinet members personally are answering the thousands of questions that poured in from the nationwide meetings. NATION'S BUSINESS will be taking a look at what businessmen want to know and the Administration's answers in a future issue.

• • •

Another big problem everyone is talking about these days is inflation. Again, the policies of the Nixon Administration will be tremendously important.

What will these policies be? Why not get the answers from the horse's mouth, so to speak?

The main responsibility lies with the President's Council of Economic Advisers. Some of their views had appeared in bits and pieces, but no publication, to our knowledge, had sat down with all three members and really explored their philosophies and plans.

Teleconference on urban problems gave local leaders a unique opportunity for dialogue with government. Participating on Cabinet panel were, from left, Commerce Secretary Stans, Labor Secretary Shultz, Under Secretary of HEW Veneman, Moderator Arch N. Booth, HUD Secretary Romney and Transportation Secretary Volpe.



MEMO FROM THE EDITOR *continued*

So Managing Editor Tait Trussell and Associate Editors John Costello and Sterling Slappey arranged just such a meeting. Their first date was postponed—some of the Council members were testifying on Capitol Hill. And Congress, of course, comes first. But they did get together a few days later in Chairman Paul McCracken's office and you'll find the exclusive results on page 68.

• • •

The man who will be speaking for American business the coming year on both socio-economic problems and inflation is Jenkin Lloyd Jones, editor and publisher of the *Tulsa Tribune*, and newly-elected president of the Chamber of Commerce of the United States.

To get his views for our readers, *NATION'S BUSINESS* editors visited Mr. Jones in his newspaper office. Our interview is on page 50.

Mr. Jones is a working editor. At 9 o'clock each morning he holds a staff meeting. That day, the talk ranged from covering the antiballistic missile to illustrating spring football practice on the sports page.

Later, Mr. Jones took time out to chat with his vivacious daughter, Georgia, who dropped in on her way to work as a



Who's more famous?

TV newscaster (see photo).

"I have one big problem," she told us only half jokingly. "I guess I'll always be thought of as the daughter of Jenkin Lloyd Jones."

Mr. Jones came right back: "Don't believe it. It's really the other way around. When I go out and see people who watch TV all the time, they always ask me, 'Are you Georgia Jones' Daddy?'"

Taking office with Mr. Jones are 13 new members of the Chamber's Board of Directors elected for two-year terms. The new members are:

- Edward R. Annis, M.D., Miami.
Dr. Nathan A. Baily, dean, School of Business Administration, The American University, Washington.
Daniel P. Bryant, chairman of the board and chief executive officer, Bekins Co., Los Angeles.
J. E. Countryman, chairman of the board, Del Monte Corp., San Francisco.
Marlon M. Fidler, president, Mountain Fuel Supply Co., Salt Lake City.
Walby M. Frantz, president, Eastern Express, Inc., Terre Haute, Ind.
John D. Gray, president and chief executive officer, Hart, Schaffner and Marx, Chicago.
Robert V. Hansberger, president, Boise Cascade Corp., Boise, Idaho.
Otis M. Mader, president, Alcoa Properties, Inc., Pittsburgh.
William P. Simmons, president, Southern Grate & Veneer Co., Macon, Ga.
Beryl W. Sprinkel, senior vice president and economist, Harris Trust and Savings Bank, Chicago.
William G. Whyte, vice president—Washington, United States Steel Corp.
Aaron S. Yohalem, senior vice president, Corn Products Co., Englewood Cliffs, N. J.
- Twelve other directors were re-elected.

Jack Woodbridge

NEW CHAMBER DIRECTORS



Dr. Annis



Dr. Baily



Mr. Bryant



Mr. Countryman



Mr. Fidler



Mr. Frantz



Mr. Gray



Mr. Hansberger



Mr. Mader



Mr. Simmons



Mr. Sprinkel



Mr. Whyte



Mr. Yohalem

all photos by Mr. Sam Bantel

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OUR GOVERNMENT IS "COSTLY COLOSSUS"

• Any Peter Drucker article delights me, but this one [The Sickness of Government, March] I found especially insightful. It should be made required reading in colleges. Certainly it offers the one hope for escape from the tremendously costly colossus government has become.

WALTER WEIR

Vice Chairman
MacManus, John & Adams, Inc.
New York, N. Y.

• Two March stories complement each other when Drucker depicts government as neither an innovator nor a doer, and the story of Wallace Johnson's life [Lessons of Leadership] perfectly illustrates how the American businessman who chooses opportunity rather than security fills the great void left by government.

Drucker's masterful analysis of our government is one of the greatest capsule pictures I have ever read.

EDWIN J. MACEWAN

Executive Vice President
Greater Paterson Chamber of Commerce
Paterson, N. J.

• Peter Drucker's article showed insight into the failure of the modern welfare state. I disagree, however, with his dismissal of laissez-faire as the solution. I maintain government is incapable of making fundamental decisions as well as being an inefficient "doer."

It is impossible to reprivatize government programs unless reprivatize means simply to hire private organizations to carry out their administration. How could the confused thinking that lay behind government programs directed toward the urban problem or the farm problem have resulted in anything but the disaster that actually has occurred? Under laissez-faire only as many people as could find jobs would have moved to the city. Welfare, on the other hand, attracted thousands only to destroy their ambition and disrupt the family unit.

Laissez-faire also would gradually have forced marginal farmers to go into other work. Price supports have allowed marginal farm-

ers to eke out a living (while enriching large industrial farms enormously), thus prolonging their unhappy situation. We can see that the governmental decisions themselves caused crisis by misallocation of capital and labor to advance special interest groups.

PETER E. MCALPINE

Southfield, Mich.

• I was especially delighted over Mr. Drucker's explanation of how our farm programs are made up.

The Farm Home Administration is connected with a new farm plan that would take the lowest income farmer (\$1200 net or less per year) and give him training that they claim would make his farming more profitable. The farmers I have contacted all laugh at the plan, but as one said, "Let's play dumb and get the money."

One who went in debt badly for a \$50,000 farm is now signed up because he said he could not pass up that kind of money, though he has farmed all his life.

No farmer or farm organization was consulted on this plan and according to one of the people who attended the meetings it was understood there was pressure from Washington to get it going.

Under the plan the farmer would attend meetings at night and would receive \$40-\$50 weekly and his mileage. It smells very strongly of the worst faults that we now have in welfare and I resent it both as a farmer and a taxpayer.

WENDELL B. WALTZ

Vevay, Ind.

• I certainly enjoyed the article, "The Sickness of Government." It would be nice if our "rulers" would get the message!

JOHN W. WHEELER

Narragansett Concrete Products
Rehoboth, Mass.

Freedom and responsibility

• The editorial "Precious Guarantee" [March] was excellent. I would add only a comment. There is no freedom without responsibility. When this is realized, many problems will melt away.

JAMES L. KISSEL

Agent
State Farm Insurance
Rapid City, S. Dak.

Legal faults exposed

• "What About Majority Rights?" [March] by Alden H. Sypher is in my opinion lacking in its attack on the present student movement

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
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letters *continued*

on America's college campuses. I am a senior undergraduate student of economics and I am in a good position to evaluate the situation. The students are a "tiny minority" as the author puts it, and in a legal sense they are absolutely responsible for any actions that they participate in. Their blocking of other students is also an encroachment on legal rights. These legal faults are adequately exposed in Mr. Sypher's article.

The shortcoming of the article is that it lowers itself to the level of these rebel students. It resorts to biased reporting of situations, and drama-packed words, to instill belief without question. Unfortunately, in condemning the methods of these demonstrators, the author uses their techniques.

V. PHILIP PORTERA
Brooklyn, N. Y.

We pay and pamper

• Re Alden Sypher's article, "Peace and Palaces," [February] I have these observations:

First: We should build the new UN headquarters in Viet Nam and let the free loaders see why we have a UN.

Second. The UN is a place for work, not fun. Our fighters in Viet Nam don't have their families with them along with tennis courts, etc.

Third. What kind of people approve spending my tax dollars on such palaces?

Fourth. We pay the bills and pamper one and all. Like the article said, the charter needs a revision—and how!

Fifth. If the taxpayer is going to foot the bill why don't we vote and see if we want to build a Shangri-la for the hard workers at the UN?

S. A. HAZ
Los Angeles, Calif.

Nice to be appreciated

• We are subscribers to NATION'S BUSINESS and want to throw a bouquet your way.

Several of us in our company read each issue more thoroughly than any other periodical we receive because the articles are timely, informative, and written in a concise and interesting style in a format we particularly like.

E. N. SAYLOR
President
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REVIEW

San Antonio's Progressively Growing Market



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San Antonio is the hub of two major transcontinental interstate arteries with second-day deliveries to Los Angeles, Chicago and Atlanta.

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*List available upon request.



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executive trends

KEEP UP-TO-DATE ON DATA

- MANAGERS AND MILEAGE
- MONEY IN THE TILL

Use your head about consumers

"A computer won't work for me. My business is different."

Is that what you say when discussing electronic data processing?

If so, you're out of step.

The Research Institute of America, after an exhaustive study, finds that:

- Sixty-three per cent of its members, small and large, use computers.

- Eighty-two per cent have at least one executive familiar with EDP—and thus the ability to turn to it.

"In fact," RIA comments, "any company with more than 200 employees or \$7 million annually in sales that is not using a computer is in the minority."

Most firms, however, still are using these electronic double-domes like dumb-dumbs, RIA reports.

"The bulk of the work done by the computers is pick-and-shovel stuff—like payroll, accounts receivable, general bookkeeping."

This is so, it adds, "despite all the ballyhoo about using the computer for sophisticated tasks—like capital investment analysis, market research, sales forecasting and top management decision making."

Ten per cent of the 2,500 firms replying to the survey, available from RIA, had annual sales of less than \$1 million; the top 11 per cent had sales of \$50 million a year or more.

Here's the advice they pass on to companies thinking of taking the plunge:

- Plan in detail. Eight of 10 firms

with company-owned computers say it takes 12 months to two years from the start of planning to installation.

- Get a good computer staff—or forget EDP.
- Involve all levels of management.
- Take a close look at costs—and don't rule out alternatives.

Driving on company business?

When executives do, nearly one out of three rents a car.

Most of the others—57 per cent—drive their own.

That's what members of the Administrative Management Society said when queried recently. Most of them get 10 cents a mile, or more, for use of their cars.

Here are the managers' mileage rates:

	Per cent
More than 10 cents a mile	12
Ten cents a mile	54
Nine cents a mile	14
Eight cents a mile	16
Less than eight cents	4

Evidently, rank hath its privileges. Dartnell Corp. survey discloses allowances paid all employees are lower on average. The study, latest since 1964, shows 80 per cent of all firms pay mileage to reimburse employees for use of their private autos. The rates:

	Per cent
Ten cents a mile	37
Nine cents a mile	17
Eight cents a mile	32
Fourteen per cent of the firms	

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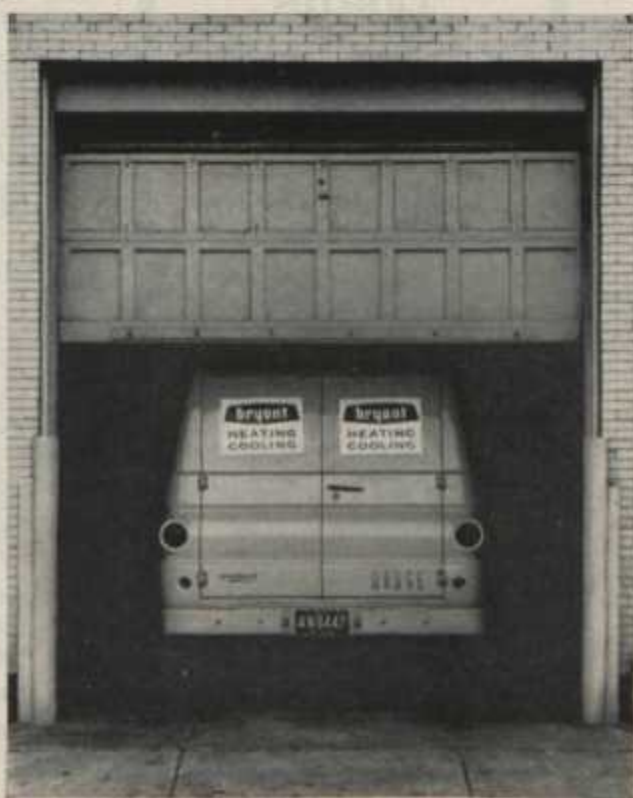
either choose our heating-cooling rooftop unit or our chiller unit. And the sizes range from 3 to 20 tons. Which means they can be mixed in any combination to get any capacity.)

We know you may prefer electric air conditioning.

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For more information, contact your Bryant dealer or write Bryant Air Conditioning Company, 7310 West Morris Street, Indianapolis, Indiana 46231.



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flation ahead" . . . and tells what YOU can do
about it.
- Kiplinger tells what to expect in government
policy, business trends, taxes, production, con-
trols, shortages.

Back in 1935, these Letters warned of inflation
and told what to do about it. And those who
heeded their advice reaped rich rewards.

Again, in January of 1946, the Letters re-
nounced the widely-held view of impending
post-war depression. Instead they predicted a
high level of business. And again, those who
heeded the advice were able to avoid losses, and
cashed in on the surging economy in the late
'40s, early '50s and mid-60s.

And now, Kiplinger foresees a new boom and
more inflation, coming in the heels of the longest
period of prosperity in our history. And our
weekly Letters to clients are pointing out profit
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"This tends to bear out those who
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Jones Industrial Average declined
1.8 per cent. Per cent increase is for
six months ending March 31; size,
as of Dec. 31, 1968:

Assets in millions		Per cent increase
\$6.2	Templeton Growth	12.3
\$12.8	Vanderbilt Mutual	11.2
\$10.7	Newton Fund	8.3
\$18.4	Scudder Int'l Investment	8.0
\$6.0	Crown Western-Dallas	7.7
\$280.8	National Securities- Growth	7.6
\$82.3	Provident Fund for Income	6.9
\$9.7	Mutual Shares Corp.	6.8
\$401.9	Financial Industrial	6.3
\$224.7	Windsor Fund	6.2

How a President does his job is a source of endless curiosity. The average citizen is fascinated by the details of a President's day and usually is surprised when he discovers that the work habits of the country's most powerful executive may differ little from his own.

In the case of Richard M. Nixon, a certain prosaic and orderly tempo attends the President's day. He has some highly personal views of breakfast and lunch, and can whip up a storm of ideas and accumulated suggestions after dinner, when most men are satisfied to light up a cigar, savor a brandy, or relax before the TV set to watch the late movie or newscast.

Mr. Nixon is not one to dawdle over a hearty breakfast and a second cup of coffee. And unlike most of Washington and a great majority of government officials, he doesn't believe that luncheon meetings are very productive. He regards lunch as a perfunctory event, and prefers to eat a light salad on the job than to spend a couple of hours over a two-or-three-course spread at midday. In a two-martini town, this casual attitude toward lunch is positively eccentric. And to those who remember how Lyndon B. Johnson chose the targets in North Viet Nam and dwelt with other cosmic affairs at the famous Tuesday lunch at the White House, the Nixon approach seems almost frivolous.

The fact is, of course, that every Chief Executive has his own working style. President Johnson liked to work in bed in the mornings, reading the daily intelligence reports, dictating memos to his staff, discussing the day's schedule while propped up with pillows and attired in his pajamas. The late Winston Churchill, Britain's Prime Minister, also spent a good share of his time as a pajama-clad executive.

For President Nixon, bed is a place to sleep. He starts his day in his Oval Office in the West Wing of the White House at 7:30 to 7:45 a.m., when he scans a news summary prepared by his staff. He also glances quickly at Washington and New York newspapers available to him at that hour.

On a routine day, he holds his first staff conference with his assistant for Congressional relations, Bryce Harlow, a veteran of the Eisenhower

HOW NIXON OPERATES

BY PETER LISAGOR



years, and two other multipurpose assistants, R.W. "Bob" Haldeman and John Erlichman, who have enjoyed Mr. Nixon's confidence and trust in past political campaigns.

They usually begin at 8:30 and discuss the day's schedule, demands and challenges on the domestic front for 15 minutes to an hour, depending on events. Har-

low serves as a barometer, lightning rod and radar for storm clouds and tempests on Capitol Hill, and therefore knows what mischief may be lurking in Congress. Haldeman is a kind of traffic manager and expeditor, and Erlichman as the counsel is a ubiquitous hand who helps to coordinate the papers that must go to the President for decision or information.

The President's personal appointments man is Dwight Chapin, who has an odd-jobs role but whose main task is to keep Mr. Nixon's daily engagements in order. Chapin, like Haldeman and Press Secretary Ronald Ziegler, is a product of the J. Walter Thompson ad agency in Los Angeles.

Once Harlow, Haldeman and Erlichman have completed their business with the President, Ziegler moves in with problems of the press. A young, self-assured novice in government, Ziegler is a quick study with a keen grasp of his role as press spokesman. He generally knows just how far he can go in the twice-a-day briefings, and has profited from the experience of predecessors in the job who tended to wander beyond their mandate as an echo of their boss. Ziegler is unlikely to confuse the President's viewpoint with his own.

He spends 15 minutes or more anticipating questions he will get at the 11 a.m. bout with newsmen and receiving the President's replies. Anything to be volunteered by the White House, such as new appointments, schedule details, personnel changes, proclamations, messages and the

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like, is settled by the President in this meeting with Ziegler.

After the youthful press spokesman is finished, Dr. Henry Kissinger is ushered into the Oval Office for a concise review of overnight intelligence on world developments and other foreign policy issues requiring attention. As the Presidential assistant for national security affairs, the former Harvard professor of government, critic, strategist and author plays a role of such obvious influence that many students of the bureaucratic jungle wonder if he is not a potential usurper of the Secretary of State's traditional function as chief foreign policy adviser to the President.

White House sources resent even the suspicion that Kissinger has somehow eclipsed William P. Rogers, pointing out that Rogers is not only a close and longtime friend of Mr. Nixon but also, as an Attorney General during the Eisenhower Administration, knows his way in, through and around the bureaucracy. He also has entree to the back door of the White House, they insist, and therefore sees the President as much as Kissinger, although this is not apparent on the surface.

During the Johnson years, the President preferred to get his intelligence briefings while still abed in the morning. Mr. Johnson also had the habit of telephoning the situation room in the West Wing basement for reports on the Viet Nam war at odd hours during the day and night. So far as is known, Mr. Nixon is a more tidy operator and relies upon the routine channels for his information. Kissinger is the man who brings the good and bad news to the Oval Office, and as head of the National Security Council staff, a collection of youthful State and Defense Department experts, he has his finger on the global pulse and thus is, by any account, strategically placed and tactically crucial.

The rest of the President's day is dictated by the schedule. He may preside over a meeting of his Urban Affairs Council, whose staff majordomo is Dr. Daniel Patrick Moynihan, a Democratic urbanologist who appealed to his Republican boss when he advanced the heretical doctrine that liberal solutions to the problems of the cities were not necessarily infallible. Moynihan's supple mind and his rejection of doctrinaire approaches commended him to Mr. Nixon.

A Cabinet meeting or a session of the National Security Council may help flesh out other days for

the President. And every meeting demands the consumption of a vast amount of material churned out by the White House staff or department and agency specialists.

Mr. Nixon may have individual members of his staff in for special assignments throughout the afternoon. A key figure, who can get to the President any time he wishes, is Dr. Arthur Burns, the pipe-smoking economist of the Eisenhower years who acts as a kind of ringmaster for the Administration's domestic progress. And often in mid-afternoon the President calls in Haldeman to issue instructions to be conveyed throughout the departments.

Mr. Nixon is perhaps one of the most prodigious note makers to occupy the White House in years. He constantly jots down ideas on yellow legal paper pads or dictates thoughts into a recorder or directly to his personal secretary, Rose Mary Woods. After receptions or dinners at the White House, he likes to repair to the Lincoln Study, which he uses as an office after hours, to record suggestions made by guests or questions posed for which he wants answers. Staff members have become accustomed to expecting a rash of assignments after the social affairs.

The President is not a devotee of the working cocktail hour, which is a Washington custom, although he has entertained Congressional groups occasionally in the Executive Mansion and engaged in serious discussions over a spot of colored water. His main exercise is a dip in the White House swimming pool, which occurs late in the day before he goes to dinner, routinely served between 7:30 and 8 p.m.

When there is an official function at the White House at night, entertaining a foreign leader or domestic guests, the President usually leaves at about 11 or 11:30 p.m. Generally, he will go to his study with the inevitable "night reading," a collection of reports, documents, recommendations, analyses, and other material which comprises the gist of the government's input into the process of running an Administration and making the decisions. It is an endless process, and endlessly fascinating. And despite the burdens of the job, the frustrations and pressures, Mr. Nixon, like most of his modern predecessors, loves his work. He struggled mightily to get to the White House, and he hopes to make the most of it now that he's there.



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It is to Alexander Hamilton that the United States Senate owes the grant of great political power which it has exercised throughout our history and continues to exhibit today.

More clearly than the other Founding Fathers, Hamilton foresaw that a Second Chamber, representing the States rather than the people, would give the Federal Republic a stability lacking in a purely democratic form of government.

He saw that an independent-minded Senate would serve to curb any executive tendencies towards dictatorship. To guarantee this he developed the plan whereby Senators are elected for a longer term than the President and face the voters only one third at a time, thus giving the body a degree of permanency lacking in the House of Representatives.

In the drafting of the Constitution Hamilton did not try to ram through his somewhat extreme personal viewpoint, which would have given Senators seats for life, thus probably making them too powerful. Instead he won his colleagues over by making concessions whenever he could not convince them by logical argument.

Thus we find that of the five essays devoted exclusively to the Senate in *The Federalist* two probably were written by James Madison and one by John Jay, as well as the two which are unquestionably of Hamilton's authorship. But, though all three collaborated, the basic thinking as to the Senate was contributed throughout by Hamilton. He is the one whom the Administration should blame, if it now finds some Senators unpleasantly contentious.

The Founding Fathers, of course, had no inkling whatsoever of the specific problems on which a number of contemporary Senators refuse to pull their punches. Meeting in Philadelphia, 182 years ago this month, none of them had ever heard of Viet Nam. Neither Russian nor Chinese activities then gave the slightest concern. Nobody antici-

THE SENATE'S CYNICAL DESIGN



BY FELIX MORLEY

pated anything like the Pentagon, nor the threat of what President Eisenhower, in his last message to Congress, called the "military-industrial complex."

The Eighteenth Century argument for the Senate was based entirely on enduring principles of politics, as valid now as they were in 1787. Because of this permanence they can be applied without prejudice to current issues. Indeed, they must be so applied, if we want to maintain the American heritage.

The primary advantage of the Senate, in the opinion of its major architect, is that it draws to national service able men from every State, whether large or small. As was often said, and is still true, a Senator from Delaware can by personal ability

exert as much influence as a Senator from New York. One State, two Senators, is a much older slogan than one man, one vote.

Members of the House, many of them here today and gone tomorrow, are most concerned with the interests of their small constituencies. Senators, with a longer tenure and a larger base, are better positioned to consider broader problems, affecting the nation as a whole. Therefore the Senate should exercise particular authority in the entire field of foreign relations.

Concretely, the Senate should have, as it does, special powers in the consideration of treaties and over the appointment of Ambassadors as well as other high executive officers. This power of "advice and consent" has never been taken lightly. After the first World War the Senate broke Woodrow Wilson by refusing to ratify the Treaty of Versailles. The opposition, in this strong President's opinion, was concentrated in "a little group of willful men." But that, omitting the derogatory adjective, was how it was intended to be. Even George Washington had trouble with the Senate of his day.

When viewed against current issues the foresight of the Founding Fathers often seems almost miraculous. John Jay was not prominent at the Constitutional Convention. For most Americans he is now a forgotten man. But Jay's examination of the Senate's role in international negotiations,

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as set forth in No. 64 of *The Federalist*, reads like the news stories of today.

"In the negotiation of treaties," wrote Jay, "perfect secrecy and immediate despatch are sometimes requisite." Therefore it is desirable that the President should "manage the business of intelligence . . . as prudence may suggest." The safeguard is that the outcome of secret negotiations will be subject to public consideration by the Senate, where "all the States are equally represented" so that "they will all have an equal degree of influence."

This comment by Jay was first published on March 7, 1788. It was on March 27, 1969, that Secretary of State Rogers told the Senate Foreign Relations Committee that secret discussions in Paris are a prerequisite of progress towards peace in Viet Nam. Although most members of that committee have been for years distinctly critical of Viet Nam policy, the right of the Administration to negotiate as it sees fit, defended by Jay nearly two centuries ago, went unquestioned.

But well-reasoned tolerance on procedure does not deprive the Senate of its critical function in foreign policy. That body, wrote Hamilton, is "designed as a method of NATIONAL IN-QUEST [his capitalization] into the conduct of public men." And he asked rhetorically: "What other body would be likely to feel confidence enough in its own situation" to try cases of impeachment, which happily have been rare in our history.

To perform its "inquisitorial" role it was of course necessary for the Senate, once established, to develop the elaborate committee system through which its investigations are performed. On all these specialized committees the party in office and the opposition are represented in proportion to their respective Senate membership. It follows that the Administration is likely to find the going rough when its party does not dominate the Senate, and when committee chairmen are consequently members of the opposition, as is currently the case.

Because of its special authority in foreign relations the Senate committee charged with that function has always been one of the most important on Capitol Hill. Sen. Fulbright, as its chairman, has followed both precedent and Constitutional design in emphasizing the critical function. "Inquisitorial" is what it was intended to be. So the Arkansas Senator merely observes the

rules of the game when he questions whether the Pentagon "should sponsor or carry out programs designed to educate or indoctrinate the public on foreign policy issues." Activities of this nature by the Department of State would not be, and have not been, condemned.

Of course everything has not worked out as anticipated. Much depends on the individuality and personal viewpoint of the committee chairmen. Some are much more critical than others and it is natural that questioning should be subdued when the sensitive issue of national defense is on the carpet.

Other factors may be involved. "It is no accident," charged John W. Finney in *The New York Times* recently, "that military bases spring up or weapons contracts are placed in the home districts of [Armed Services] committee members. The Pentagon takes care of the committee members, and the Senators take care of colleagues not on the committee."

The accusation may be protested, though it certainly is apparent that Armed Services has been much more gentle than Foreign Relations in the ABM inquiry, which concerns them both. But if the reporter quoted above seems cynical, that also is in keeping with Alexander Hamilton's design for government. Although a strong advocate of centralized authority, he never thought that fallible men could be trusted to exercise it unrestrained.

Conflict between strong Presidents and outspoken Senators has been continuous throughout our political history. It is to be expected again, now that the traditional honeymoon period for President Nixon draws to a close. As the drama develops there will be less acrimony if we remember that it was planned that way.

Before his well-merited election to the Senate, a staunch Republican, the late Arthur H. Vandenberg of Michigan, wrote a notable book entitled "If Hamilton Were Here Today." In it he paid tribute to this forerunner's role in designing "a government safeguarded by checks and balances which refuse to any one department the privilege or opportunity of autocratic power."

Since 1913, Senators have been chosen by popular election; not by State Legislatures as was the original method. But those who are remembered, both before and after that divide, are the Senators who stood up for the system of check and balance which more than any other factor has made the United States secure.



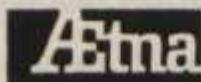
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WHEN THE YOUNG TAKE LIBERTIES

BY ALDEN H. SYPHER

There are some indications of a slowdown in the current trend of turning the management of the nation's various asylums, scholastic havens and other shelters over to their inmates. It may be just a lower rate of rise in that tendency.

There are college presidents who either knew from the start or have come lately to realize that they are paid to be responsible for the over-all operations on the campuses, or havens, which they nominally head.

Some even seem determined to run their schools for the great majority of young people who want education instead of for the few who prefer to measure their abilities in campus mob actions, rather than against the standards of an outside world neither attuned nor sympathetic to their own peculiarities.

Of course some eyebrows are raised at the willingness of a few school managements to give in to the demands of hard breathing boys and girls breathing easily that all separation of sexes, day or night, be dropped.

Certainly it was not management's idea that girls should be allowed to entertain boys all night long in dormitory rooms, or that girls should never be put out of the until-now private precincts of the males.

Or that the sexes should be encouraged to live intermingled in dormitories no longer labeled boys' or girls'.

Such were not the management's ideas, but many seem to be easily pushed over when the proposal arises from among the beards and braids.

Some school managers like to point out that they are not the keepers of their students' morals, that these are determined by the earlier environment in their homes.

Is that true? Or is it the excuse of educa-



tors who themselves are suffering from weak morals, or wills, or both?

Apparently any great creative urges in some of today's students and faculties are directed more to housing than to education during daylight hours. There's an assumption that we're living in a new and different era, that things aren't like they used to be.

Aren't they?

Don't these educators know about proximity? Or prudence? Don't they remember—or didn't they ever know—why farmers turn bulls into cow pastures? Or what happens then?

The performance of some faculties on the issue of integration of the sexes lends support to the belief widely held among young people that students know more about running universities than the management.

Another example comes from Harvard, which has the oldest law school in the nation. There a group of first-year students found time to write and issue a 16-page proposal that shows quite clearly they think they already are more competent than the faculty to run the law school.

They want grades abolished.

This is a revealing desire. Such an abysmal absence of self-confidence suggests psychoneurosis. These young men do not want to be measured.

They want no record of their progress, or lack of it, for themselves or for anyone else to see. They would end the competition for scholastic honors.

Employers no longer would have the measure of grades to select the alert, imaginative and most able members of the class. Those who would pay these fledgling lawyers for their talents would be forced to take their chances on the gradeless, and perhaps end up with the lazier or more inept candidates.

Which would be something of a swindle, since the weak would get, or at least start out initially, at the same rate of pay as the strong. This would

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last, of course, only as long as it took the employers of young lawyers to devise testing methods that would take the place of the missing grades.

There is no logical reason to believe that the quality of a gradeless school's output would not slip, particularly since the first year men who have taken it upon themselves to advise the faculty on how to run the law school insist that the present failure rate should remain unchanged.

Even as great as Harvard is, it hardly could overcome the human characteristic that causes many of the gradeless not to make the grade. The whole proposal seemingly would benefit only the lazy and inept, although that is not the case made by the sponsors.

"The old system has reached the point of diminishing return," says the students' report. "It encourages us to compete, to score points on each other, rather than to communicate and work in cooperation with one another."

Competition, it seems, has become an offensive thing, an idea as out of date as, "Don't give up the ship."

"Law schools shouldn't be trying to teach young lawyers that what matters is making it, and the hell with everyone else," one of the report's authors told newsmen.

(Apparently that's what grading does, for he offered no other proof that's what law schools are trying to teach.)

"The idea of every man for himself, clawing his way to the top and some Wall Street job over someone else can't be allowed to dominate legal education any more."

Hey, man, that's talking. But that's all it is. It's not communicating. It has little if anything to do with a wish to escape being graded.

The fantasy currently held by some that the wrong must somehow be right is questioned by a Senate subcommittee on the treatment of deserters from military service. The subcommittee members think the military is too easy on deserters. They have advised the services to get tougher.

The Senators found that if desertions were reduced, draft calls could be lowered. Yet, the Senators found, the services are easier on deserters than the courts have been on draft law violators. The conviction rate in all four armed services, measured against total desertions, is less than one tenth of 1 per cent.

The Swedes add also to the Senators' unhappiness. The Swedish government, for what it calls humanitarian reasons, has given sanctuary to nearly 200 American servicemen running out on their country and comrades.

There's no legal requirement for such sanctuary, subcommittee members point out, adding that after World War II Sweden turned over several thousand European soldiers to the Soviet Union. Which shows humanitarianism is a sometime thing in Sweden.

Sweden is the country, you may recall, that chose to switch rather than fight in World War II.

Not all Senators agree with the subcommittee on desertion that the armed services are not tough enough with wrongdoers.

Sens. Alan Cranston, Democrat of California, and Charles E. Goodell, Republican of New York, have demanded that the Armed Services Committee investigate conditions in the nation's 23 military prisons, and particularly in the army stockade at the Presidio in San Francisco.

That's where last October an escaping prisoner was fatally shot when he failed to heed warnings to halt.

There seems little left to investigate in this unfortunate incident, though, since these two Senators must already have constituted themselves as investigators, prosecutors, judges and jury. They've announced their finding that this was "an outrageous shotgun killing."

Apparently these august investigators overlooked appointing defense counsel for the guard, whom they accuse of outrageous killing, although he was doing what he was trained to do, and apparently was under standing orders to do.

Nor have the Senators analyzed the need for stockades, and the motives of the young men who inhabit them.

Had they done this they might have learned that unlike young men in civilian life confident that indulgent parents will get them out of trouble regardless of what they do, most men in the army know punishment is almost always sure, and may even be swift.

They might have learned also that their hearts bleed not always for boys who have innocently gone astray, but in many cases for young men who have figured the odds carefully and concluded that:

Bad as the stockade may be, it's better than Da Nang.





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In the tradition of freshman lawmakers, Sens. Alan Cranston of California, left, and Charles E. Goodell of New York regularly fan out across their constituencies to gauge the public pulse on broad issues of the day.

Alan



LAWMAKERS GET THE WORD

What do people tell their Senators when they see them face to face? Usually they talk about what is troubling them, and today, plenty is. Inflation, crime, war and lots more.

Businessmen have some of the same problems as everyone else. But they have special problems, too. And what bothers business is a concern of any elected official, because usually it indirectly affects many of his constituents who are employees of the businessman. The best barometer of the mood of the nation for any Congressman is a continuing dialogue with the electorate. Most feel this is the only way to keep our democratic process responsive to the people.

To find out what people are telling their Senators today—and what Senators tell constituents, particularly about issues that concern business—Nation's Business editors Wilbur Martin and Vernon Louviere followed Alan Cranston, a new Democratic Senator from California, and Charles E. Goodell, a new Republican Senator from New York, on trips back home, and wrote the articles that follow. Sens. Cranston and Goodell represent the two biggest states in the union, microcosms of the nation's booming economy and burgeoning problems.



PHOTOS: GENE DANIELS—BLACK STAR

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CONTINUED

LAWMAKERS GET THE WORD

The future seems worrisome to businessmen who chat with the Senator from the biggest state

There are no easy answers to problems we face, agree Rand Corp. President Henry S. Rowen (left) and the Senator

In neighborhood chats, a Senator is always trying to find what it is that is bothering the people back home



A financier wants to tell the "other side" of the conglomerate story.

A banker worries about "regulations for regulation's sake."

An executive cries out against inflation.

An oil man ponders pollution problems.

A businessman scores campus violence.

A trainee just a few weeks from jobless drifting hopes there's something better ahead.

A mother prays the Viet Nam war will end.

The best barometer of the mood of the nation is what the people say, and when a United States Senator goes home for a visit he is as much a seeker of information as he is a reporter of what is taking place in Washington.

Alan Cranston, the new Democratic Senator from California, goes home to a state that is the nation in miniature: booming metropolis (second in manufacture with an estimated yearly value of \$19 billion) and sprawling farmland (the leading agricultural state with nearly \$4 billion annual income from farm products and livestock).

It is 158,693 square miles of topography that ranges from the lowest spot in the United States, stark Death Valley 282 feet below sea level, to Mt. Whitney, 14,494 feet tall.

And its 20 million people—more than live in any other state—reflect the range of concern over every aspect of the nation's problems today, from education—4.4 million pupils in elementary and secondary schools alone—to conservation.

"I'm a guy who represents all of those being killed by inflation," Bob Morris, an executive with IBM at San Jose, tells the Senator in a meeting with businessmen.

"It's going to take government and business, in partnership, to solve the problems," muses Nils Ecklund, vice president of Kaiser Industries Corp. in Oakland, at an airport conference.

"We've got to have full federal

funding to make Model Cities work," claims Mayor John Sheridan of Richmond as they inspect that city's program.

Conservatism and liberalism

Sen. Cranston is a tall, balding, former state controller who won his seat by a 600,000 majority in a typical wild and wooly California political campaign which the headline writers billed as "liberal vs. conservative."

"I hate labels," says Cranston. "But if you have to have one, I think I'm really a conservative in fiscal matters but liberal in human matters."

At 54, Sen. Cranston paces along at a clip not too far removed from what it was during his days as a Stanford University track star.

To businessmen he says, "I think I learned a lot about the problems of business when I was state controller. I happen to be a businessman, too (a land investment company) and I think I personally know your problems."

The Viet Nam war is still the nation's number one problem and securing world peace is the number one personal goal of the freshman California Senator.

"I happen to think you have to work hard for peace and disarmament as a way to secure it," he says.

He worries that too little thought has been given to business reconversion when peace does come and he tells this to businessmen. He feels government is going to have to help some defense-oriented industries to take new directions.

"I think we ought to begin now," he says. "We ought to begin looking for ways some of the aerospace industry, for instance, can turn their expertise toward solving problems in such areas as mass transportation and aviation."

California holds more than \$6 billion in defense contracts and has 1.6 million workers in aerospace.

The future is a worrisome thing to most businessmen who chat with the



Bank holding companies and conglomerates are the topics of interest for banker Harry Volk (center) and oilman Edwin W. Pauley at a Los Angeles conference

LAWMAKERS GET THE WORD *continued*

Senator on his visits home. There is a general feeling among them that they need to tell their story, that their problems need to be aired, that practically all of business is getting a blanket of criticism that isn't justified.

Days are long

When any Congressman goes home, he tries to see as many people as possible and on a recent trip Sen. Cranston's day invariably started at seven in the morning and ended late at night.

"I want to hear what you think," he urges.

He says this in informal meetings with businessmen around a coffee table, while touring poverty projects and industry-run job training centers, and at a brainstorming session with Rand Corp. scientists on problems involving urban affairs, education, environment.

There are formal speeches, too, before educators and civic groups, and attendance at a benefit that draws heavily from the motion picture community to raise money to pay off campaign debts of the late Sen. Robert F. Kennedy.

"What about the ABM (antiballistic missile system)?" asks Ray Spangler, president of Peninsula Newspapers, Inc., at a meeting in San Jose.

"I'm opposed to it," the Senator

replies. "Three scientific advisers to three Presidents have said the proposed system won't work. I think if you're going to spend five to 10 billion dollars you ought to make sure this is what's needed. It has to be proven it will work. I'm for continued research but against starting the system they now propose. I also don't think starting this will help disarmament. Let's get disarmament talk started and then see."

"What's the government going to do about campus riots?" asks Ellis Langley, a Pacific Gas & Electric Co. official.

This question is asked over and over and shows a concern by all groups.

"I don't think this is really a federal problem," the Senator says. "I think it is up to the presidents and administrators of the colleges to suspend or expel those who use violence in dissent. You have to protect the right of legitimate dissent, but you have to protect the rights of students who want to go to school and be free of violent disruptions."

The specter of inflation

IBM's Mr. Morris raises the specter of inflation.

"It's been disastrous on housing. Mortgage money is 8½ to 10 per cent. It's killing incentive. Why try to do more if you're going to get paid in 31-cent dollars?"

"I'm a guy who's questioning everything the government does with its money now and I think I'm like a lot of other people."

"High interest rates are going to really make it rough on states and cities," the Senator declares. "Even if you can get a bond issue passed—and property tax has just about had it with owners—you can't sell the bonds. You know there've been some suggestions that the government is going to have to find some way to guarantee reasonable interest rates."

"The only way to cure inflation is to roll back labor," says one businessman.

Another disagrees. "You're nuts," he says.

"Unemployment is no cure," the Senator snaps. "You really can't mount an attack on inflation as long as you have the inhibiting factor of unemployment. These are people you're talking about, not statistics. They're the very people, the marginal people, who are hurt by inflation most. And they're the first to be laid off."

"I believe every man and woman able and willing to work has the right to a job."

"I'm all for the tax incentive approach to stimulate industry to provide more jobs and job training. It should be tried. But if private industry can't do the whole job, the government should be the employer of last resort."

Guaranteed income?

"Absolutely not," Sen. Cranston says. "Guaranteed income is bad because you demean people, turn them into serfs if you provide them with something and don't ask something in return if they are capable of working."

The offshore oil issue

"What's the government going to do about that oil slick at Santa Barbara?" asks Frank Bernard, president of Bernard Food Industries.

A leaking offshore oil well that polluted beaches and became a national issue is a particularly hot topic in California, where it happened.

"God it's a mess," says Stanford law professor Robert Girard.

"I'm very strong for conservation in every area," the Senator says. "It may very well be that because of the geological structure of the Santa Barbara channel the Interior Department may move all drilling out."

"If it does, the oil companies have to be fairly compensated."

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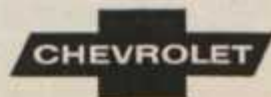
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They paid something like \$673 million for those leases. Maybe they can be swapped rights in the Elk Hills Naval Reserves or given future credit on other bidding."

James K. Wootan, vice president of Signal Oil Co. of Los Angeles, frets about some who make statements that all the nation's offshore wells should be closed.

"You have to take into consideration individual areas when you're laying down the standards," he says. "Look at the Los Angeles area. It (drilling) hasn't bothered anybody."

"One thing's for sure," the Senator says. "You can't stop all offshore drilling. We need that oil."

"I just hope everybody—Congress included—will look at the record the industry has made and recognize this oil is vital to the nation," declares Mr. Wootan.

Sen. Cranston is a member of the Senate Banking and Currency Committee and the Labor and Public Welfare Committee, which cover areas of vital interest to business. The feeling by businessmen that their side of many issues needs telling comes through often.

The conglomerates

"I'd like to tell the other side on the conglomerates," says investment banker Bert Kleiner, president of Kleiner-Bell and Co., as he talks to the Senator in Los Angeles. "What they're saying makes it sound as if conglomerates haven't played by the rules."

"They are hitting what to me is the United States story—hitting at the little guy who can make good. These conglomerates represent a young group, a new breed in business."

"Bert, I want you to know I have a basic belief that any man has a right to survive in small business," the Senator says. "I have an open mind on conglomerates from there on."

"It seems to me," says Mr. Kleiner, "that these attacks seem to be just on bigness. Is bigness bad? Why not hit at the big guys then—General Motors, du Pont? They're conglomerates, really."

"There is a worry in Congress," the Senator replies, "about the concentration of too much economic power in the hands of just a few. Now where do you draw the line?"

"You draw the line if it thwarts competition," Mr. Kleiner says. "If it's so big that it controls prices. I hope Congress and everybody else

will look at the record of the companies that have voted themselves into the so-called conglomerates. You'll find increased earnings, and they've converted a lot of dead capital and put it into the economy."

Mr. Kleiner says broad attacks on conglomerates have been made without full information and "it's hurting the little investor. It's undermining confidence that's taken 25 or 30 years to build up after the Depression stock crash."

"Why don't you come testify?" the Senator asks. "You can bet there'll be hearings on this issue."

One-bank holding companies

Concern about free-swinging attacks on certain aspects of business is expressed, too, by Harry Volk, board chairman of Union Bank and Union Bancorp. of Los Angeles.

He feels the proposed Administration action concerning one-bank holding companies is "regulation for regulation's sake."

"If anybody can cite a single reason—that can't be proven wrong—why this is necessary or desirable, we'll support it," he declares.

"But to prevent a single bank from having other unrelated businesses seems to me just throwing a blanket over normal development of the American economy. If there is anything really wrong, don't you think we'd regulate it? You already have dozens of laws on the books

that protect the investor and the borrower."

At a meeting with Mr. Volk, other bank officials and Edwin W. Pauley, chairman of Pauley Petroleum, talk again turns to conglomerates.

"I think they could be bad," Mr. Pauley tells the Senator. "They could get too damn big and you'd have too much economic power in the hands of a few."

"All we ask about the issue of one-bank holding companies is that you know all the facts," says Mr. Volk.

"That's what we all want," the Senator replies.

Henry S. Rowen, president of the Rand Corp., assembles the top department heads to bounce ideas around on a variety of subjects.

Rand is famed for its system analysis approach not only to military weapons systems, but to a variety of social problems, including a vast study of New York City's governmental administration.

"What about pollution?" the Senator asks. It's quite a problem, the scientists agree. What can be done? They kick around various ideas other countries have used.

"You know, West Germany cleaned up the Ruhr River by putting in a pollution tax on industry along it," says one. "If an industry stopped pollution, it stopped paying the tax."

The scientists agree "man has got

A young neighborhood newsletter reporter pays rapt attention as Sen. Cranston (left) tours an integrated model housing project in the San Francisco Bay area



to pay a lot more attention to his environment. Congress has got to pay a lot more attention to it. The federal government's pollution programs are fragmented over a dozen agencies."

The unemployed

Then the Senator drops in at NARTRANS, a hard-core employment project run by North American-Rockwell Corp. in central Los Angeles. Here minority group members who can't speak English or who have police records or no skills are trained and employed.

"We haven't had as much of a dropout rate as we thought we might have," says an official.

"The great majority of them are really eager."

What's the largest single cause for police records?

"You understand that this doesn't mean convictions," explains the official, "but arrests. The big cause was narcotics. Marijuana, pills, the works."

Californians like to brag they have more of the good things than any other state does. But they have problems, too. In jobs for the un-

skilled and housing for the low income.

"These are real gut problems involving human beings," Sen. Cranston says.

On a visit to a Concentrated Employment Training project in San Pablo he chats with trainees learning to repair appliances.

"Man, I was goofing it off, doing nothing," says one young man after the Senator passes. "When I get through here, I hope there's a job around."

Providing jobs after the skills have been learned isn't always easy. Henry Dishroom, an official of the Model Cities project at Richmond, believes more businessmen are going to have to be convinced there's an economic plus for them if they do come into the ghettos.

At an Opportunity Child Care Center, Mrs. Roberta Griffin oversees children whose parents are taking job training.

"We sure do provide a need," she tells the Senator as a score of children romp around them.

For Alan Maremont, it's a "personal pleasure" to show the Senator the moderate income, integrated housing community of Crescent Park, sponsored by the Kate Maremont Foundation. The foundation was founded by Chicago industrialist Arnold H. Maremont, president of the Maremont Corp., in honor of his mother and is heavily involved in building and rehabilitating housing for low and moderate income people in Harlem, Chicago, and in the San Francisco Bay area.

Hope for the future

Sen. Cranston's yearnings for world peace stem in part from his days as a youthful wire service correspondent in Hitler's prewar Nazi Germany as the dictator built his war machine and stifled personal freedom.

Personal freedom is to Sen. Cranston an abiding thing and he often says in discussing problems with constituents, "You know, I just don't believe government has to be in every aspect of your life. It needs to help where help is needed, but it doesn't have to be in everything."

While problems bother people and there is uncertainty and unease as they talk with their elected representative, no one sees anything so monumental it can't be solved.

"Maybe there is one thing that nobody can solve, Senator," cracks one constituent. "That's the free-ways in the rush hour."

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LAWMAKERS GET THE WORD

Voters pepper New York Senator with questions about war, ABM, welfare, inflation and farm prices

Handwritten signature: "Lanz"



PHOTO: WERNER WOLFF—BLACK STAR

The Senator's state ranks first in the nation in the production of clover and timothy, buckwheat, maple syrup and ice cream.

But it is also the nation's leading manufacturer, the center of world finance, and boasts the biggest city and the largest harbor.

Republican Charles E. Goodell, a rookie in the Senate, is from New York, the Empire State, with its 18 million-plus inhabitants.

Because of its vastly divergent interests, it's like a pair of states separated by an entire continent.

A state of New York's magnitude and complexities thrusts upon Sen. Goodell a responsibility for almost every conceivable problem in human, business and governmental affairs.

These range from the colossal disintegration of urban orderliness in New York City to the peculiar problems of dairy farmers in placid upstate New York. The list, however,

is much more extensive: pollution, immigration, U.S.-Canadian relations, campus rebellion, slums, crime, hydroelectric power, tax inequities, welfare abuses.

Most of these problems are new to Charles Goodell who moved from a comfortable House seat to the Senate last September when he was named to fill the unexpired term of the late Robert Francis Kennedy. In moving he not only has broadened his political base; he has shifted to a more liberal political philosophy.

A wall map of the state in the 43-year-old Senator's Capitol office is dotted with multicolored pins. They denote the number of times he has visited and revisited New York in recent months. A secretary keeps a log which shows he had traveled some 35,000 miles by early April, not including a personal fact-finding mission to embattled Biafra in Africa.

A former semipro baseball player and college football player, Sen. Goodell is a vigorous, hard-working campaigner in the political vineyard. On a typical excursion into the state he may arise at dawn, stage a dozen appearances, and—riding an airplane—catch up on his paper work at midnight.

For a man like Charles Goodell to win his first state-wide election in 1970 there is no other way to meet the voters, find out what they think, and let his own views on a multiplicity of issues be known as widely as possible.

Sen. Goodell, a Phi Beta Kappa at Williams College who later won his law degree at Yale, is affable, articulate and conversant on almost any subject, and meets people easily.

The same things which bother voters in virtually every part of the country also concern New Yorkers. The Viet Nam war, without question, heads the list. But there also are



Sen. Goodell inspects a new containerized ship during a grass roots swing through Staten Island. At Clarkson College in upstate New York he talks about draft and war with a young R.O.T.C. student.



PHOTO: D. CAMERON-BLACK STAR

the nagging problems of high taxes, inflation, government waste, disenchantment with today's college student behavior, labor abuses, tight money and prospective deployment of the antiballistic missile (ABM).

In Richmond County on Staten Island, a conservative enclave among New York City's five boroughs, Sen. Goodell addresses a group of businessmen at a local Chamber of Commerce luncheon at the Tavern on the Green. His remarks are brief. He prefers to answer questions from the audience. Among his comments:

"Our people are carrying the biggest tax burden in the history of the country. Inflation is strangling our economy. We're paying the highest interest rates in 100 years."

Richard A. Plata, an official of the Brooklyn Union Gas Co. and past president of the Staten Island Chamber, is concerned about education. Should the federal government lift some of the burden from the cities

and states? The Senator feels that the government should. It is doing plenty now but should do more.

Later, Mr. Plata explains his concern:

"Education is a problem that comes down to dollars and cents. We must turn to the federal government for help. I don't mean they should assume direct operation of the schools, but I feel only the government can provide the money so desperately needed."

Mr. Plata, like most responsible New Yorkers, is shocked at what is happening in his city. You talk to a handful of people like Richard Plata and wonder if New York can survive. He says:

"This urban decay is killing not only New York but other cities as well. The time is approaching when they may have to be completely rebuilt."

"I'm in favor of the private sector doing the job, but if it can't, some

form of federal subsidy may be the only answer."

As do most New Yorkers Mr. Plata wonders how long the taxpayers of his city can carry the heavy burden of welfare. Not long ago New York added the one-millionth welfare recipient to its rolls. This means one out of every eight New Yorkers is on welfare.

But welfare, like all urban problems is "really a national problem and should be regarded in that light," Mr. Plata says. For the most part the Senator would agree. He says he cannot understand the disparity in welfare assistance where in Mississippi, say, a welfare recipient gets about \$6 a month and in New York he receives \$72.

At the same luncheon, Walter Gibbons, who owns a transportation consulting firm, is curious whether the Senator had to alter his political philosophy since he stopped representing a conservative Congressional

Handwritten signature or mark.

LAWMAKERS GET THE WORD *continued*

district to take on representation of a generally more liberal state-wide constituency.

"Well, you must know that the more you get involved in broader areas the more you realize how much federal involvement is necessary," Sen. Goodell answers.

better administered in existing agencies rather than in special programs as they are?"

"Yes," replies the Senator, "that's what I've been saying all along."

College problems

On a hill overlooking the bay



PHOTO BY GABRIEL-BLACK STAR

Labor leaders in the St. Lawrence Seaway region tell the Senator some of the problems confronting workers laid off during the long winter months.

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Mr. Gibbons is vice chairman of the New York Liberal Party on Staten Island.

He assures you he is a strong believer in free enterprise but feels the federal government must step in when local government cannot or will not respond to peoples' needs.

Mr. Gibbons explains that he agrees with the Senator on many issues: his opposition to ABM, bringing the war to a just and hasty end, and that certain things can best be done by the federal government.

Mr. Gibbons says, "If the Senator continues the way he is he may well receive the endorsement of the Liberal Party in New York State."

Charles Burt of the Staten Island Community Chest wants to know: "Would the anti-poverty program be

which separates Staten Island from Manhattan and Brooklyn is tiny Notre Dame College (enrollment 500). Its administration building was once the showplace home of a New York shipping magnate. Here, Sen. Goodell stops briefly to address some of the all-girl student body.

"I am opposed to the ABM because it will not increase our security. But it will increase the pace of the arms race. We could better use the money that would be spent on ABMs for many badly needed programs here at home."

One of the students wants his opinion on the threat to cut off federal funds for students who take part in campus violence. His answer:

"This is an area that should be left up to the college administrator.

If you participate in violence the university should have the right to act firmly. On the other hand, I believe students also have the right to peaceful protest."

The Senator is applauded when he calls for election of the President by popular vote and urges that the voting age be lowered to 18.

Sister Rita Donahue, president of Notre Dame, is acutely concerned with the state of the national economy. More particularly, the effect it has on Notre Dame and most private educational institutions.

"There is an intolerable pressure placed on money lending, especially to private institutions such as ours. I believe it imperative that the federal government find some way to help private education."

Sister Rita says she appreciates President Nixon's decision to leave it up to university officials to discipline campus troublemakers. However, she adds:

"I am perplexed why the government feels it's necessary to withdraw money from students trying to create better universities. Only a small few are initiating this destructive activity. The others get caught up in it."

Nearby, atop another overlook, is Webster College which the Senator also visits. Only a week before, Webster experienced its first campus eruption triggered by an increase in student charges. It forced Sen. William Proxmire, D.-Wisc., to cancel an appearance there.

In evidence are a sprinkling of hippies but the students give Sen. Goodell a cordial reception. He drops in on several classes.

To a group of student nurses: "I appreciate the feelings of the younger generation that many of today's problems are caused by the older generation. But you don't have all the right answers either."

He is asked about admitting Red China to the United Nations and responds, "I feel strongly we should have communication with all nations. I believe Red China should be recognized and admitted to the UN. This is not a moral matter but a recognition of a de facto government."

Again, as he has on numerous occasions, he expresses his opposition to the ABM, explaining:

"If the President or Secretary of Defense can prove to me that they have secret information I might change my position. I don't think they have."

Later, the Senator drops in at the

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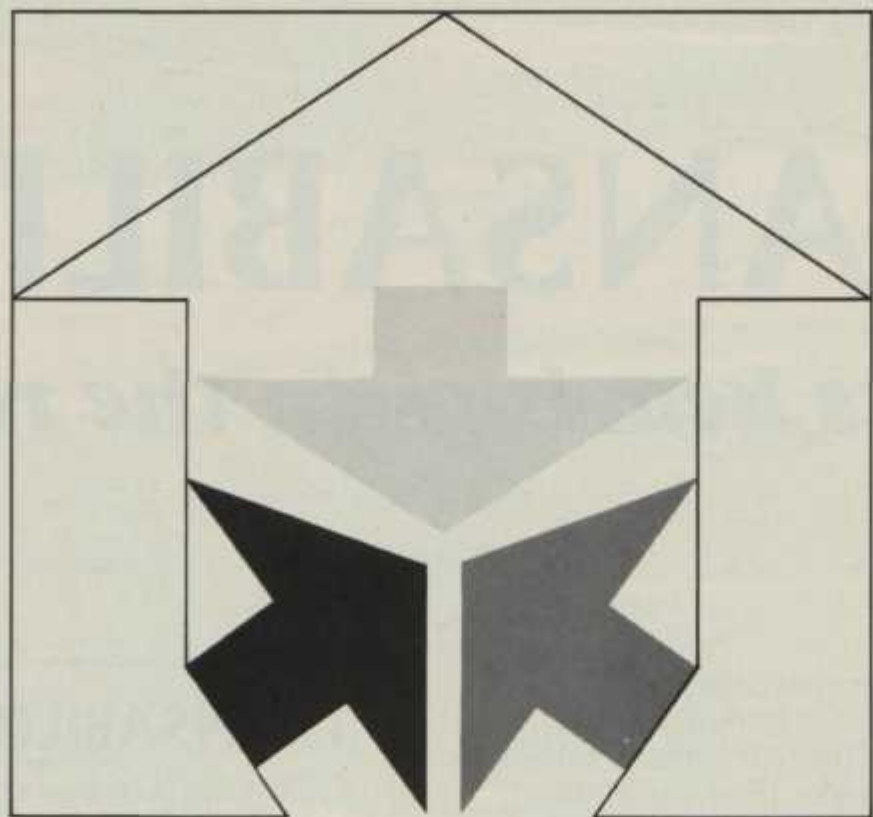
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LAWMAKERS GET THE WORD *continued*

ninth floor of a new office building to meet officials and employees of the Staten Island branch of the New York Telephone Co. The remainder of the building houses Richmond College, a branch of City University of New York.

Here, he talks with district manager Raymond Fingado, who recently had a confrontation of sorts with Richmond students. In the school newspaper an editorial rapped its neighboring tenant, the telephone company, with these words:

"A university setting cannot work hand in hand with one of America's largest corporate interests. The concept of the corporate interests in the United States is inimical to the process of a free education."

Mr. Fingado explains to Sen. Goodell the company signed a 10-year lease when it took space in the new building. Some time later the building was sold to the City of New York which turned it over to Richmond College. The company will look for new quarters when its lease is up.

The welfare "mess"

Aside from the war, which he regards as "a tragedy of immense proportions," Mr. Fingado believes nothing troubles him more than the welfare "mess" in New York City. He complains:

"There are 14,000 new welfare cases every month. Taxes are getting to the breaking point. You begin to wonder why you are working any more."

He recently wrote to Gov. Nelson Rockefeller and made copies available to the local newspapers. He called on the Governor to be ruthless and cut spending, especially welfare spending.

"I am still getting letters and people are stopping me on the street," says Mr. Fingado. "It's obvious many people feel as I do."

Sen. Goodell mingles with small groups of businessmen and party workers before dinner at Demyan's restaurant. The subject of taxes and inflation comes up as he chats with Edward Thompson, a paving contractor and president of the Staten Island Chamber, and John P. Connors, a Manhattan insurance lawyer.

"Any hope for a reduction of taxes in the foreseeable future?" Mr. Connors wants to know. The Senator replies: "Foreseeable but not immediate future. And I say this even though we wind up with a slight surplus this year."

Mr. Connors asks, "Don't the cur-

rent high interest rates tend to curb inflation?"

"When you have higher taxes and higher interest rates it is passed on to the businessman in the form of higher costs," says Sen. Goodell. "Right now the psychology is inflation."

Mr. Connors wonders whether any changes are in prospect.

"Yes, in a few months you may start to see stock and money markets anticipate a slowdown in the economy."

Mr. Thompson inquires about tax reform.

"Yes, but no legislation this year. I can tell you this: There is a strong disposition for tax reform."

Mr. Thompson wants to see tax credits for parents with children in college. The Senator tells him:

"I've supported this for a long time. If the Nixon Administration pushes for it I think we'll get some hearings this year."

Up along the St. Lawrence Seaway, where hydroelectric power has brought new vigor to the area, Sen. Goodell sees another one of New York's many faces. The crime, the welfare woes and traffic strangulation of New York City stand in contrast to the rural beauty of St. Lawrence County. Here, where people work with their hands on the farms and in the few factories that dot the rolling countryside Sen. Goodell hears of the problems of everyday living.

Labor leader's view

At Oswegatchie the Senator has breakfast with eight area labor leaders. Sam Agati, president of the

Building Trades Council, tells of one problem peculiar to areas of the country lashed by bitter cold: Many kinds of occupations simply cease during winter months.

In the case of construction involving federal money, Mr. Agati says, he would like to see the Senator back legislation to stretch out contracts to avoid layoffs during the middle of winter.

"This means that when our guys are laid off for four months in the winter, come spring they've got to make up for this economic loss, and we have to do it in the wage negotiations," he explains.

Sen. Goodell wants to know if the union has discussed this with the contractors.

"Yes, we've had some joint labor-management council discussions and we're beginning to get some interest about encouraging architects to figure winter work building."

Another labor official, William L. Lawyer, says inflation is tearing up the housing market and "the middle income guy is just about out."

The Senator says he is well aware of what inflation has done to the construction industry and suggests the way to solve the problem is to cut out inflation.

"Yes, but why does the little person have to suffer?" Mr. Lawyer interrupts.

Carl Lee, business agent of Plumbers Local 117, is interested in whether Congress will approve tax reforms. Sen. Goodell tells him:

"I think there will be some minimum tax enacted this year, but remember when you talk about tax reform the support you get depends

Richard A. Plata, gas company official and former head of Staten Island's Chamber of Commerce, asks about federal aid to education at a Chamber lunch.





PHOTO: WERNER WOLFF-BLACK STAR

At Borough Hall in Staten Island, Sen. Goodell mixes with guests at a reception where the talk frequently turns to problems of big city living.

Handwritten signature or scribble.

LAWMAKERS GET THE WORD *continued*

on whose tax you are reforming."

"I don't think anybody minds paying his fair share of taxes," Mr. Lawyer puts in. And Mr. Lee comments, "It's worth it to live in this country."

On the issue of lowering the voting age, Mr. Lawyer says the wave of campus unrest convinces him too many youngsters lack maturity.

Returning to union matters, Ben Carlson, business agent of Operating Engineers 545, asks about the status of possible federal controls on union pension funds.

"We've got a damn good plan and we have multi-employer contributions," he says. "We don't think we need anybody telling us how to run our business."

The Senator says he would oppose strict uniform standards but he tells the labor leaders they should admit to themselves there are a lot of problems inherent in union pension funds.

Sen. Goodell also visits the Ogdensburg Boys Club where he reviews for about a hundred citizens the federal government's anti-poverty programs.

"These programs are badly in need of reorganization and we must place more emphasis on those programs which have proved workable," he tells them. "A great problem many of our cities have is welfare and it all stems from a lack of money. I hope it won't be too long before we can come up with a work-

able revenue-sharing plan with the states."

At the huge Aluminum Co. of America plant on the St. Lawrence Seaway, plant manager Charles G. Wistar leads the Senator on a tour of the installation. They talk about taxes and inflation. "I know this is everybody's concern," explains the Senator. "My great fear is that we may be putting the brakes on too hard on inflation. You know the surtax is just beginning to take effect. There is always the possibility that you suddenly find you have installed eight-wheel brakes where you just wanted four-wheel brakes."

On his day-long tour of the area the Senator is accompanied by Allen L. Smith, senior vice president of the National Bank of Northern New York and president of the St. Lawrence County Chamber of Commerce. Like many of the other businessmen they met, Mr. Smith voices concern over inflation and the state of the national economy.

At Clarkson College in Potsdam Sen. Goodell addresses himself to the subject uppermost in most students' minds:

"The war in Viet Nam was a mistake in the very beginning. But now that we are there we cannot let 33,000 American men have died in vain. In other words, we cannot simply turn our backs and walk out. But there is another reason, too: Our credibility in the world in the future would be zero. Let me say I think

we are on the verge of successful negotiations to end the war."

On the subject of campus violence: "I am glad to see we do not have an apathetic generation. But let me tell you quite frankly that this kind of activity is going to set your cause back far more than any temporary achievements that some think are being won now."

"And I will tell you this, too, quite frankly. The Establishment, as some of you call it, has just about had it and they are not going to let a university be destroyed."

At the third annual St. Lawrence County Chamber banquet the Senator is the principal speaker.

"We have tried public solutions to unemployment and other social problems and they have not always worked. Now business is being asked to get involved. This is fine. You are the people we need to get the job done. But we must recognize that business can't do it alone. The public sector can't do it alone. They've got to do it together."

The evening is wearing on. It has been a long day. In closing Sen. Goodell tells his audience: "In all of this turmoil some of us are apt to forget the true greatness of this nation, the faith its people have in it. I am confident that with this faith we can solve any problem facing us."

Back in the Senator's Washington office a secretary sticks several more colored pins in the big wall map of New York State.

END

HOW TO SIFT ADVICE

In your role as executive you get many suggestions from below. Here is a plan for handling the flow of traffic.

Advisers and advice are plentiful. Less plentiful are managers with the ability to separate good advice from that which isn't.

One successful executive recalls a piece of counsel he received some years ago from an older man in his company: "When you're given only two years to accomplish what is really a four-year job, you'd better select good people to lean on—for you'll never accomplish the job alone." This advice, he comments, has served him well.

It is from one's subordinates, rather than from associates or superiors, that the heaviest traffic in advice and suggestions flows. And it is here that the manager must develop the skill of sifting what he hears.

Employees have various reasons for channeling advice to the boss. The satisfaction that comes from playing even a small role in planning and decision-making is one.

The desire to improve that which needs improving and loyalty to boss, department and company are others.

You have at hand several sieves with which you can sift fine particles of advice from coarse ones.

Some are formal and organizational; others are informal and personal. The former separate out essential information against which a judgment can be made. They provide you with insurance against folly. The latter serve to sift the qualitative content of the advice you receive.

On the formal side the following resources serve as sieves—if resourcefully used: staff meetings, schedules, reports, established priorities, organizational manuals and procedural rulebooks, customer complaints, statements of progress toward goals and objectives, performance evaluations. By using these sieves well an executive can distill the essential from the non-essential. The filtering process will have provided him with preliminary checks and a take-off point for judging different kinds of recommendations.

On the informal—and personal—side the manager can use still other sieves in the filtering process: Special assignments, shirt-sleeve work sessions, private conversations, conferences, briefings.

Here the businessman's role must be much more active. It involves cross-examining, pinning down, demanding evidence. Through use of these sieves, the executive is able to detect overlapping advice and become aware of voids in coordination.

Informal and personal sieves enable you to smoke out controversy, zones of silence, reasons for withdrawal from risk on the part of your men, jurisdictional jealousies.

When to shun advice

Basically, try to shun advice which seems one-sided, or too technically oriented, or that which appears superficial on its face.

Moreover, an executive should be wary of advice from subordinates who snow him with data but little valid interpretation of the data. Go slow, too, with advice that carries an insistent tone of pressure for immediate action when facts filtered from the formal sieves belie the need for fast moves.

In handling advice, a manager must know his people. In time he should be able to identify some of their shortcomings, either in terms of competence or motivation. He should beware of the excessively cautious, the yes-men, the expeditors, the over-aggressive.

On the other hand, he should not ignore advice because it happens to

involve controversy. After all, a good chunk of the responsibility of a manager is to be artful in the management of differences. Nor should he pass up advice just because he has an aversion to people who suggest, "Let's sleep on it for a while." Delaying a determination may provide you with time for confirmation of facts and trends. But, if such riders on advice appear to be a pattern in a man's thinking, and an escapist route, that's another matter.

Don't accept advice from subordinates just because you like them. Make your decisions on the basis of merit alone.

In building a core of competent and productive followers, the manager inevitably will be building a potential body of advisers on many and varied problems. You owe it to yourself to provide coaching to sharpen your subordinates' skills as advisers.

You can do this in several ways. First, by setting a good example in consultative management. Freedom to exchange views, good listening, tolerance for an unpopular view, availability for communication. Second, keep before your employees the full meaning of new or changing goals. Third, select and develop people who possess good judgment generally and have the potential for administrative judgment. Fourth, assist your people in the skill of oral communication—in presentation of their ideas, in use of visual aids, in reinforcement of what they believe in and in standing up under fire in defense of their beliefs.

Make it clear that even the best ideas are subject to negotiation and modification.

If advice is the food for decision-making, and if decision-makers are bred best by actually making decisions, then provide them with enough opportunity to become involved in decision-making.

Perhaps the best kind of coaching is that which pursues the line: What is in the best interests of the organization as a whole in moving toward more productivity and profit? Does this synchronize well with other decisions pending or which have recently been made? Is this advice such that it contributes to well balanced management?

As organizations grow more complex and more competitive there is need for more and better advice in middle and top management.

For, as it has often been said with some element of truth: "The boss seldom makes a mistake—it's just that he's had bad advice." **END**



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THINKING THE UNTHINKABLE

*Filed in file
under "Presidents & the
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A conversation with editor and publisher Jenkin Lloyd Jones, the new president of the Chamber of Commerce of the U.S.

Jenkin Lloyd Jones won't be riding the Trans-Siberian Railroad this year.

It's one of his ambitions. The editor and publisher of *The Tulsa Tribune* is a travel and railroad buff and Central Asia is the only big gap in the map on his office wall which shows all his journeys.

Mr. Jones will be busy the coming year, however, with his duties as the newly elected president of the Chamber of Commerce of the United States.

He'll be traveling, of course, but mostly in the United States as the official spokesman of American business.

He'll miss his daily staff conferences in his editor's office at *The Tribune*. But he considers his new role a challenge to take the initiative for the free enterprise system and to foster business-government cooperation in solving the nation's socio-economic problems. Mr. Jones writes a nationally syndicated column and his wife, Juanita, frequently has accompanied him on his trav-

els. All three of their children have followed in the family newspaper tradition. Jenkin Jr. is managing editor of *The Tribune*. David is its Washington correspondent and daughter, Mrs. Georgia Snoke, is a television news commentator.

In the following interview Mr. Jones talks about his philosophy and what he hopes to accomplish as president of the National Chamber.

Coming from a newspaper family, did you ever consider going into any other business?

I wanted to get into transportation, but I graduated in 1933. There was a depression going on and my dad had to hire me.

You enjoy it, don't you?

Sure, people who hate their work are slaves, no matter how much they make. I can't wait to get down to the office because I want to know what is in the mail. Teletypes fascinate me, as they did 40 years ago. A man has to be sold on what he is doing.

We understand you were called "Railroad Jones" as a youngster. How did you get that nickname?

The story is unimportant, but it does illustrate a point.

Somebody has said the whole struggle in life is to think well of yourself. If a man has a million dollars, and he doesn't think well of himself, he has nothing.

I went away to prep school in Maryland when I was 14. I was not athletic, had no particular aptitudes and was surrounded by Eastern kids who regarded people from the hoof and hide country as beneath them. I was lonely and unhappy, underweight and undersized. I wasn't a very good student, either.

One night I was going through my luggage, and found B. & O. and Pennsylvania timetables. I discovered the railroads ran mainly through the same towns: Philadelphia, Washington, Cleveland, St. Louis, and so forth.

I imagined to myself, "Well, I am in Pittsburgh and it is 10 o'clock at



A "working" editor, Mr. Jones holds staff meetings every morning, checks the flow of news in the city room and editions as they come off the press.



Mrs. Jones, a gracious hostess at home, accommodates to her husband's travel yen, and frequently accompanies him on trips.

night and I want to go to Chicago. What's the best train?" So I looked it up. All at once the walls of my very small room fell down and I was traveling.

The next week one of the boys went into Baltimore, so I asked him to bring me more, and before long I had 120 or 130 timetables which I studied instead of working on my French irregular verbs.

One evening the football coach said, "We have a game at Woodberry Forest in a couple of weeks. I wonder how we get down there."

I said, "Stop No. 7. That gets you to Washington at 6 o'clock. You can make a 30-minute connection to the Southern that puts you into Orange, Va. at about 8:30."

He asked, "Do you live down there?"

I said, "No, I have never been there."

"How do you know the way, then?"

I answered, "I just know."

The story got around that a nutty kid from Oklahoma knew all about railroads. My schoolmates began coming to me for travel advice. When Christmas came, passenger agents from Baltimore came up and discovered I was in a position to throw thousands of dollars' worth of business to one line or another. They had never met anyone like that before and, believe me, I was courted.

The result was that I became a personage on the campus, even if an eccentric one. In one narrow field I was better than anybody else.

As a fallout, it developed my sense of memory, and when I became a young reporter I could talk to a man for half an hour and almost stenographically reproduce his conversation.

It also gave me a superb knowledge of American geography. This sparked my enthusiasm for traveling.

It is the kid who isn't very good at anything who is likely to become the disciplinary problem. Youngsters have to feel good about themselves in some respect, or they will seek attention by squealing their tires and, perhaps, indulging in anti-social behavior. The thing that rescued me was my knowledge of timetables.

As Chamber president, you will be traveling all over the country, talking to businessmen. What are you going to tell them about business' role today?

Business' role is to keep the options large, and steadily enlarge them.

The free man is the one who has the widest options. The prisoner has food, shelter, clothing, but small options and, therefore, we say he is a man to be pitied.

The man who walks into the Waldorf lobby with a dime in his pants has the freedom to walk through, but he can't go to the bar or restaurants. He can't rent a room. He is a free man, but he has limited options.

The man, on the other hand, who walks into the Waldorf lobby with a \$100 bill, is freer because he can enjoy the facilities.

The essence of free enterprise is that it has provided more people with more options than any other system. The Achilles heel of socialism is that, by its very nature, it diminishes options.

The average man behind the Iron Curtain cannot buy an automobile. If he could buy one, it would be only one type. He has no choice of Chevrolet, Ford, Plymouth, or Rambler, and certainly none between Cadillac, Imperial or Continental. He has few options.

The state, in its apparent affection for him, is smothering him.

This, I think, is what free enterprise must say now, and say much more effectively than in the past.

We have to make the point that we are against socialism. Not because our control over our businesses or industries would be destroyed under a socialist system. We must be against socialism because under that system life becomes a drab and dirty gray.

And now that socialism, or at least communism, Russian style, has passed its fiftieth birthday, its excuses for failure are beginning to get old. People who are in favor of free enterprise ought to rejoice that the hour for going back to the offensive has arrived. The socialists can no longer claim that World War I, or the American "imperialists," or World War II are responsible for their having two-family apartments and queues outside the grocery stores. Communist satraps are scared green of the growing dissatisfaction of their own people. They clanked into Czechoslovakia because they had to.

What would you like to accomplish during your year as National Chamber president?

Well, the Chamber, of course, will continue to fight to see to it that the

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business community is not smothered to death in the well-meaning bear hugs of the gigantic government bureaucracy.

Another prime danger, not merely to the business community, but to all Americans, is that of the dollar depreciating to a dime. This problem is getting more acute all the time and is the basic reason for an awful lot of our economic ills, including the trend toward monopoly.

But people who think the National Chamber is an organization devoted to the narrow financial interests of the so-called business establishment and has no other purpose simply haven't looked at it in recent years.

There are no unthinkable thoughts for the Chamber. I would say it is a much more free-thinking institution than any so-called liberal group in America.

The trouble with "liberals," they are completely surrounded by unthinkable thoughts. They have very rigid dogmas that they are not at all willing to disturb.

The Chamber, on the other hand, is making a very great effort to find workable solutions for social and economic ills. No matter how far out the idea may be, the Chamber wants to take a look at it.

The Chamber research staff is

tuned to trying to examine things with a high degree of objectivity. This is a great attitude because you get in trouble trying to make the facts fit preconceived notions.

Procrustes was a Greek giant who had the unpleasant habit of catching people. He had an iron bed on which he placed his captives. If they were too short for the bed he stretched them out and broke their bones to make them fit. If they were too long he lopped off their feet.

Too many people try to make facts fit the Procrustean beds of their narrow philosophies.

Can you cite some examples?

Well, I think much of the poverty war has been based on a misreading of how people will react. When people didn't react as the theorists hoped they would, the only thing the theorists could think of was throw more money over the transom.

This is not working. We seem to have some programs that produce, not no results, but negative results. This is not a matter for despair; it is a matter for rereading the data. After we have spent a few billion dollars and a program hasn't worked, instead of washing our hands of the problem, we should go back and see where the error was

made. One of the discouraging things about some of our social thinkers is that they refuse to admit error. No matter how kind his intentions, the physician who poisons the patient is not a friend of the patient. We have had a lot of "physicians" who have been giving us bad medicine.

I am hopeful that in the next year or so both government and the business community can back off and say, "Well, this type of program seemed to work, and this didn't and, therefore, let's be pragmatic and push these things that have tended to result in uplift and re-examine these things that have tended to result in degradation."

How deeply is the Chamber involved in this?

Very much. We recently met with the President to offer the help of the Chamber in enlisting the business community behind solving the so-called urban problem: upgrading people in jobs, getting jobs for the chronic unemployed—the so-called hard core—and so forth. There is a great deal the Chamber can do to aid the government in this area. But the government is going to have to present some programs that are more



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workable than the expensive fiascos of recent history.

For example?

It seems to me our whole relief system has been designed to intensify the feeling of being inferior, because when you throw money at a man and say, "We are going to take care of you," this makes him feel you think he is a very poor sort of human being.

And under the aid to dependent children program, if the man stayed with the children he fathered and tried to bring them money out of his meager earnings, the family was cut off because there was a man in the house.

If he didn't stay with the children he fathered, if he went from woman to woman, or sneaked in at night and left before the social workers came in the morning, there was money from the government.

You create a whole generation of people who have utterly no roots. They don't know who their fathers are. They are born to a relief system.

I think the psychology is utterly screwy. Somehow, we have to re-create neighborhoods, the feeling of belonging, the feeling of identity, which we haven't done.

And the business community is more than willing to share in solving these problems?

Even from a purely selfish point of view, the business community cannot profit from an unworkable or chaotic society. And the business community, of course, also is concerned with abstract, common justice.

But a lot of businessmen, I think, have been chilled, if not frightened, by the talk of hiring the "hard core," because this implies that the force of government may be imposed on business to put unreliable people on the payroll ahead of reliable people.

I would like to see less talk about the hard core and more talk about increasing the capacity of the individual.

This means that not only must training be opened up, partly in schools and partly in on-the-job training—which is a business responsibility—but that once the training is accomplished, job openings must be made available.

This is also a business responsibility.

We must be realistic, however. Very few businesses are going to hire a man whose chance of being a useful employee, at least for many months, is low without some consid-

eration from government in helping to carry this kind of economic burden.

We also must be realistic about the human failure of certain individuals. No matter how many schools are opened, or how many training programs are opened, there will be some who will continue not showing up for work, will continue to steal, get drunk, be irresponsible. This type of irresponsibility cannot be laid at the door of either business or society. I believe there are such things as sour apples.

Some people will have to learn what we have not stressed enough in the last few years. The chief responsibility for uplift remains with the individual.

Would the guaranteed annual income or negative income tax help?

The argument for this idea is that it would stop the snooping by the welfare case worker and give everybody a solid base he could count on. It would do away with a great deal of bureaucracy which has a stake in maintaining welfare recipients' dependency.

But what I want to know is, if you give a man \$3,500 or \$4,000 a year just for being the head of the family, what do you do if he spends



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THINKING THE UNTHINKABLE *continued*

it all on women, liquor, or horse races? Where is the guarantee that these people will not continue to act irresponsibly, neglect their families and throw them back on public relief?

All you then have done is richly subsidize one bum.

I think that question has to be answered first.

Isn't a guaranteed job opportunity more in keeping with the American heritage?

Yes. This is my feeling but "liberals" yell their heads off about it because it's cruel and unusual punishment to make the poor work.

But if you are going to pay them money it is going to be paid from the taxes taken out of people who get up, even on cold mornings, and head for the mill, the store, the barn or the office. No one seems to think that work for taxpayers is cruel and unusual punishment.

I would prefer to see a system of public works which could do a great many worthwhile things by the labor of people who now are doing nothing. You should have these people assemble at 7 a.m., and work them 40 hours a week. They should be paid enough so they have a minimum healthy living for their families.

The whole thing should be so designed that a man becomes used to the responsibilities and disciplines of labor, and so that if and when he is offered a better job, he will leap at the chance.

You were speaking of the family. Do you think the younger generation now is any better or worse than in the past?

I think a large part of the young generation is frightened and confused. This may be caused by several things.

The child born on the farm in 1880 was surrounded by almost nothing that he couldn't comprehend. The machinery of the farm was simple. He was not bombarded with stimuli that he only partially understood or understood not at all.

Today, an electronic tube pours out things that are very confusing to our kids, things they know nothing about. Some youngsters grow up with a feeling of hopelessness. How do you join this thing, how do you get with this thing?

It is pretty easy to turn against the "Establishment," whatever that is.

Also, while we have been drowning our children in sophisticated

stimuli at an early age, we have been artificially prolonging the age of childhood. We have overdone the effort to preserve the child from the sweat shop and child labor, so we have prolonged the span of a young person's uselessness far beyond that of other societies.

In a manner of speaking, this may be the most deprived generation ever—that is, deprived of fundamentals that are needed if the man cub is to grow up into a good bear.

Does this explain some of the student revolts?

Yes, I think so. Plus the fashionable idea that youth has virtues which age and experience neither possess nor understand. Also, the idea that every man must be allowed instant satisfaction, and if the world doesn't measure up to his picture of what it should be, he has a right to burn it down.

Is the problem a breakdown in communication?

The art of conversation is probably more rudimentary now than it was a hundred years ago. Part of it is because we are living much more rushed lives. With many families, the dinner table has become an all-day snack bar.

Even when middle or upper class adults get together, we have forgotten how to talk.

Conversation at a cocktail party consists of fragmentary banalities, or the occasional joke in the male corner.

The moment somebody expresses an abstract thought or an idea of some depth or complication, everybody's frightened because the cocktail party is merely an occasion for stroking each other, not for exchanging ideas.

This was not true of the educated group a hundred years ago. They sat around the clubs and coffee houses and really batted ideas back and forth.

You gained stature on how well you batted. This doesn't exist any more, and it is too bad.

We have developed substitutes for conversation—the bridge table, golf, or the television program.

Fifty or 75 years ago it was fashionable for American families to gather around after dinner to play games or pull taffy. This sounds awfully tame to us now, but it had intimacy. Today, the old man may flop down with the paper. His wife stares at TV. And Billy and Cindy

jump in their jalopies and go. There is no communication.

There is an awful lot of giving of things and less sharing of experiences. Shared experiences keep a family together. The best money my wife and I spent when we were young was traveling with our children. Our youngsters didn't get high school hot rods. They had family adventures in far-away places. They looked on the gang that gathered at the drive-in as kids.

Some of your friends have described you as "a guy who never quits learning." Do you consider this an important trait?

It is important to stay out of ruts. A rut is a danger to men 30 years of age who have a job they can do reasonably well.

I was yanked out of this easy rut by World War II, hurled into an environment I knew nothing about and forced to learn faster than ever before.

When I got back from the War, I found that I had become eager to learn again. I took up flying under the GI Bill of Rights, and got a commercial license, which I never used, just to see if I could get it. Gradually, I became fascinated with a lot of things.

Like art museums and the math and American biography and space physics. Factories amaze me, and I'm beginning to like things like ballet that I never liked at all. Often, I pick up the Encyclopedia Britannica to look up something, get hooked and forget what I am looking for because I'm stuck on something I always wanted to know about.

Thirty is the dangerous age. If life begins to be too comfortable at 30 a man can quit learning and get old before his time. But if somebody grabs you by the scruff of the neck and pushes you into a completely new series of challenges, then even if you don't catch fire you ought to begin to smoke a little.

This is the way it was with me. I am much indebted to the United States Navy. **END**

REPRINTS of "Lessons of Leadership: Part XLVIII—Thinking The Unthinkable" may be obtained from Nation's Business, 1615 H St. N.W., Washington, D.C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance with order.

THE ONLY WAY TO GO



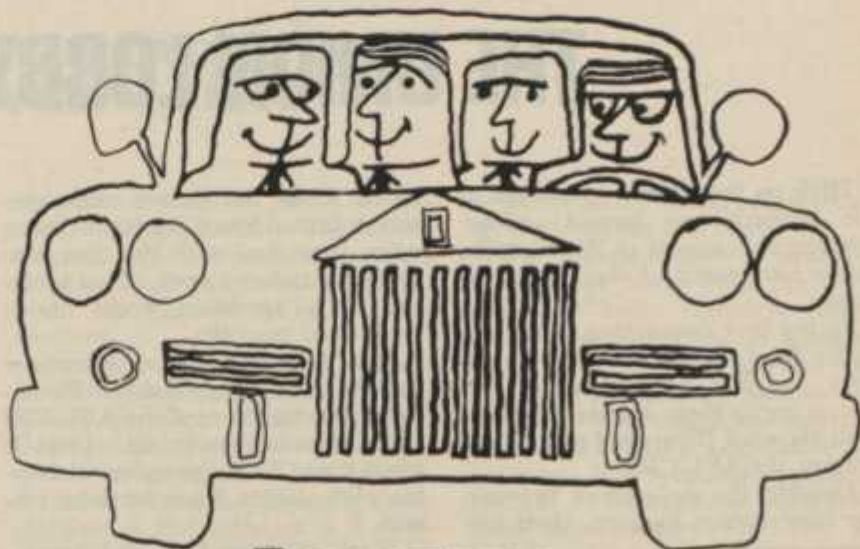
This year, more motorists than ever before will compete with each other for precious highway space. The resulting traffic jams will cause delay, lost time, frustration and extra expense for nearly everyone.

Businessmen have much in common with motorists. If they travel individually, rather than collectively, toward their desired goals, they can easily be delayed, handicapped, frustrated and out-of-pocket.

But, just as seasoned travelers have discovered planes, trains, busses and ships, so have wise businessmen learned to use their trade and professional associations to speed progress and achieve mutual goals.

Associations establish timetables, channel efforts and direct traffic. They help each member attain his goals easier, faster, safer and at less expense.

They're the only way to go.



POINTERS FOR PROGRESS

through trade and professional associations

Large file show
Under
("Biemiller")



Mr. Biemiller presides over session of union lobbyists. Speaker is Assistant Labor Secretary W. J. Use

THE UNION LOBBYING MACHINE

High on the agenda of officials of the nation's two largest unions, meeting this month in Washington, is the harnessing of their lobbying power.

In the first convention of the Alliance for Labor Action, the Teamsters and the Auto Workers will try to mesh their legislative goals with those of their rival union federation, the AFL-CIO.

Despite the differences between the many union factions, their lob-

byists know the unions must present a united front on major issues when they deal with the men who write the nation's laws. That's why the lobby operation works like a well-tuned machine.

It is this coordination of purpose and tactics that is sought in the national headquarters of the AFL-CIO each Monday morning. That is when some 25 of the unions' lobbying elite gather for a strategy session.

None of these men and women holds an official position in the government, but combined they form one of the most potent forces in Washington.

The lobbyists discuss the status of current legislation and then map their tactics—who will call on which Congressmen and which Senators, who will send the wires, who will testify and who will have the heart-to-heart chat with each key committee staffer.

In a single year this group will take positions on about 75 national issues and act on those positions.

Its decisions become beacons for most of the 100 other active union lobbyists in Washington and hundreds more in statehouses and city halls across the land.

The gathering consists of representatives from special departments

Associate Editor Walter Wingo, the author of this and last month's articles, specializes in writing about labor-management affairs.



PHOTOS: YUICHI OKAMOTO

former Machinists official. Listening are Charles Lipsen (left) of Retail Clerks and John Callahan (right) of Electricians.

PART 2: WHERE IT'S HEADED AND WHO'S IN THE DRIVER'S SEAT

within the AFL-CIO and a variety of affiliated unions. To qualify for the Monday meeting, a union lobbyist need not represent a giant organization. But he must know his way around Washington, particularly Capitol Hill, and know personally the people who really count in the city. It is a gathering of pros.

The cynosure of the sessions is Andrew Biemiller, veteran chief lobbyist for the AFL-CIO and head of its Legislation Department. This consists of five legislative representatives, an assistant and a technical and clerical staff.

Mr. Biemiller gets his over-all

assignments from the AFL-CIO Executive Council and a Legislative Council which, theoretically, gets its guidance from resolutions adopted at the biennial AFL-CIO conventions.

Actually, all important orders flow from a single source, George Meany, president of the AFL-CIO. One bewildered industrial relations executive once said of Mr. Meany, "Hidden behind the face of a dumb plumber is the mind of a Talleyrand."

The Monday group sometimes divides into subcommittees for tackling special issues. Current subcommittees include labor rela-

tions, consumer items, social security, election laws and taxes.

The lobbyists have a wealth of material at their fingertips. The AFL-CIO keeps complete records on how each member of Congress has voted. The lobbyists also have files of all bills, resolutions and Congressional committee reports.

The AFL-CIO's Legislative Department has prepared special reports of its own as have other AFL-CIO departments, such as the building trades, maritime trades and industrial unions. Each department periodically holds its own lobbying meetings.

The results of all the strategy



In one of his last actions as President, Lyndon B. Johnson gave Mr. Meany pens he used to sign 100 important bills the AFL-CIO lobbied for. Scene is the muralled lobby of the AFL-CIO headquarters.

sessions and tedious research ultimately hinge on the skills of the individual lobbyists.

An ex-Congressman at Capitol

By far the best known union voice heard on Capitol Hill is the kettledrum, eloquent one of Mr. Biemiller.

In describing his vocation, Mr. Biemiller says:

"One side of the lobbyist's job is sheer hard work—the hard work of knowing all that can be known about the members of Congress, their prejudices and their enthusiasms, their friends and their enemies; the hard work of knowing all that can be known about the issues we support, so we can discuss them in depth, in detail and in regard to their impact on every state and every Congressional district.

"The other half of the work is getting along with legislators. In this my staff and I do our utmost to follow three precepts laid down by . . . George Meany—not just because he is the boss, but because his record . . . qualifies him as one of the most successful lobbyists of all time. Mr. Meany's rules are quite simple: 'Don't beg; don't

threaten; don't assume you are always 100 per cent right.'"

Mr. Biemiller, 63, is a former history teacher, AFL organizer and Wisconsin legislator. He has been a member of the Socialist, Progressive and Democratic parties. During World War II he worked for the War Production Board. He was elected to the U. S. House of Representatives from Wisconsin in 1944 and 1948 and was twice defeated for re-election.

As a former House member, Mr. Biemiller has access to the House Cloak Room, the lounge through which Congressmen pass on their way to the House floor. Mr. Biemiller claims he has more influence today than he ever had as a Congressman.

"I have tried to act as a lobbyist by the standards I appreciated in lobbyists when I was their target," he says.

Ladies are heard from

Among other well-known union lobbyists on Capitol Hill are two talkative women—Esther Peterson and Evelyn Dubrow.

Erect, silver-haired Mrs. Peterson was assistant Labor Secretary

under Willard Wirtz and the highest ranking woman in the Johnson Administration. She gained national prominence as President Johnson's assistant on consumer affairs, in which capacity she enthusiastically supported and hugged housewives picketing grocery stores.

An organizer for the Amalgamated Clothing Workers Union during the presidency of the late Sidney Hillman, Mrs. Peterson has returned to her former job as chief lobbyist for that union.

Pert and energetic Mrs. Dubrow lobbies for the Ladies Garment Workers Union. She says she wears out 24 pairs of shoes a year on her job.

"Pounding all those marble floors on the Hill is rough on the feet," she explains. "I change shoes twice a day. You may not need a good brain to be a lobbyist, but you do need good feet."

There's scarcely a Congressman from a coastal state who is not well aware of Phil Carlip, the short, mustachioed, seemingly timid lobbyist for the Seafarers Union.

"The lovable Phil Carlip" is the way Rep. Jacob Gilbert (D.-N.Y.) refers to him. But Congressmen

know Mr. Carlip can be as unyielding as an anchor when he is defending his union's position in such matters as support for a separate Maritime Administration and more American-built, American-manned ships.

German-born Arnold Mayer, lean lobbyist of the Meatcutters Union, has been the driving force behind legislation to involve the federal government deeper in poultry and meat inspection. One of his biggest coups has been to latch on to consumerist writer Ralph Nader as a lobbying ally.

New technique: home movies

For three years Tony Mazzocchi has been the one-man Washington office of the Oil, Chemical and Atomic Workers. Mr. Mazzocchi, formerly president of one of the union's Long Island, N.Y., locals, is trying something new in lobbying. He has films made of union members in their home towns, commenting on their problems and desires. Instead of paying to bring them to Washington, he simply rolls the film for the Congressmen.

Lobbying for the AFL-CIO's powerful Building and Trades Department is the ubiquitous Walter Mason. His department consists of unions representing some 4 million workers in the construction industry.

"I deal with Walter seven days a week, 24 hours a day," says Rep. Frank Thompson (D-N.J.), a prominent member of the Education and Labor Committee. "I put in H.R. 100 [the common situs picketing bill legalizing secondary boycotts] just to get him out of my office."

Towering Carl J. Megel lobbies for the American Federation of Teachers, AFL-CIO. For 12 years he was president of the AFT, leading an organizing program that more than doubled AFT membership. He currently is vice president of the International Federation of Teacher Unions.

John J. Sheehan, a Greek-speaking Irishman, heads the Steelworkers' four-man Washington lobbying corps, which includes the brother of David McDonald, the Steelworkers' former president.

Another Washington lobbyist whose brother is a famous unionist is Victor Reuther. He represents brother Walter's United Auto Workers. Walter Reuther, however, usu-

ally likes to reserve the testifying role for himself.

It is impossible to determine exactly how many union lobbyists are in Washington. Not all are required to register as lobbyists under the federal lobby law and the Congressional list itself is full of incongruities. For example, once you have been listed as a lobbyist on Congressional lobbying reports, you aren't dropped from the rolls unless you formally withdraw.

The variety of union lobbyists is repeated around statehouses. Here, too, union lobbyists haunt hearing rooms and legislative corridors, cornering and cocktailing politicians and concocting their legisla-

tive courses often with the precision used by their colleagues in Washington.

Typical of the veteran union lobbyists in the states is Charles A. Della, now in his nineteenth year of working the Maryland statehouse in Annapolis.

Mr. Della, who is president of the Maryland-District of Columbia AFL-CIO, believes the most important thing for any lobbyist is friendships—the more and the stronger the better.

Some businessmen complain unions even have lobbyists on government payrolls. They point out that the National Labor Relations Board has hired former union offi-

WHAT UNIONS WANT AND DON'T WANT

The union lobbying machine is geared this year to back the following legislative proposals on Capitol Hill:

- ✓ Expanded picketing privileges and legalization of secondary boycotts at construction sites.
- ✓ Subjection of farm workers to the National Labor Relations Act.
- ✓ Federal safety and health rules for nearly all businesses.
- ✓ Federal controls on private pensions.
- ✓ Federal workmen's compensation standards.
- ✓ A universal \$2-an-hour minimum wage.
- ✓ Controls on garment imports.
- ✓ Further unionization of federal employees.
- ✓ Federal programs to supply more jobs in urban areas.
- ✓ More consumerist legislation.
- ✓ Expansion of medicare.
- ✓ National health insurance.
- ✓ Plugging of tax "loopholes."
- ✓ Crackdowns on shipping firms that organize foreign subsidiaries.
- ✓ Federal pollution controls.
- ✓ Higher tariffs and other controls on foreign-assembled products.
- ✓ More federal programs for housing and community facilities in cities.
- ✓ Replacement of the Electoral College with direct popular election of President and Vice President.
- ✓ Establishment of a federal consumer agency.
- ✓ Uniform national minimum standards for public welfare.
- ✓ Repeal of limits on benefits for additional children in a family.

- ✓ Repeal of wiretapping and eavesdropping provision of 1968 crime control law.
- ✓ A 10 per cent pay increase for postal workers in July, costing taxpayers an additional \$1 billion yearly.
- ✓ Nationwide standards for unemployment compensation benefit levels, duration and eligibility.
- ✓ Tougher restrictions on railroads' freedom to suspend revenue-losing passenger runs.
- ✓ Authorization of union-management promotion funds.
- ✓ Protection of railroad employees from job loss in the discontinuance of railroad lines.
- ✓ Retirement legislation for federal workers.
- ✓ Extended collective bargaining privileges for federal workers.

In addition, union lobbyists are preparing to battle against:

- ✓ Attempts to reduce subsidies to the merchant marine.
- ✓ Labor law reforms.
- ✓ Restrictions on the powers of the National Labor Relations Board.
- ✓ Enactment of compulsory arbitration laws to settle labor disputes that endanger the public.
- ✓ Setting up of labor courts.
- ✓ Any reaffirmation of federal workers' right to refrain from joining a union.
- ✓ Revocation of unions' exemption from antitrust laws.
- ✓ Ending coalition bargaining.
- ✓ Outlawing all compulsory unionism.
- ✓ Most anti-inflation measures.

THE UNION LOBBYING MACHINE *continued*

cials to act as legislative liaison men for the Board. Businessmen say these men often give Congressmen the straight union pitch.

Union veterans on the NLRB staff include Bernard Cushman and William T. Evans, with the Board's general counsel, and Tim L. Bornstein, special assistant to Chairman William McCulloch.

Some of the Board's own employees were incensed when the Board hired Mr. Bornstein, who had been a counsel with the Retail Clerks Union, AFL-CIO. The NLRB employees' union, the Professional Employees Association, claimed its members had been passed over for the \$25,000-a-year post in violation of their contract.

They don't win 'em all

With such a prevalence of union lobbyists, it is not surprising that unions have scored a long series of legislative gains. What is remarkable, however, is that the union lobbying machine periodically falters on issues it gets most heated about. The Taft-Hartley law of 1947 was the first major setback for union lobbyists. Twelve years later came the Landrum-Griffin Act, designed to help curb some of the union abuses revealed in the union racket hearings of Sen. John McClellan (D-Ark.).

Next big setback for union lobbyists came Feb. 8, 1966, when the giant effort to repeal Section 14 (b) of Taft-Hartley failed despite the most pro-union Congress in history.

Section 14 (b) allows states to forbid contracts that force employees to join a union in order to keep their jobs. The unions were tired of spending so much money and effort fighting such right-to-work laws in state after state.

Further, the AFL-CIO wanted to show the Johnson Administration how much Congressional strength it could muster when it wanted to.

Union lobbying for 14 (b) was intense. The unions used every trick they had. They refused, however, to accept any compromise bill.

Two things worked against the union lobbyists during the 14 (b) debate. A month before, New York City had experienced an exasperating strike of transit workers. Strike leaders had behaved badly and defied the courts. Many Congressmen were in no mood for rewarding unions, and union lobbyists could not crack them.

Also, grain state Congressmen were still seething over union insistence that at least half of grain shipments to Soviet Russia be carried on ships serviced by American union members with their skyhigh wages.

Union lobbyists cite the whole 14 (b) battle as an example of what can happen to the union lobbying machine when coordination of various union desires breaks down. Since the defeat the lobbyists have not seriously considered trying to renew the fight. But they have continued making gains on other fronts.

Victories last year

Last year union lobbyists were on the winning side in their battles for open housing, gun controls, "truth-in-lending" laws, meat and poultry inspection regulations; gas pipeline regulations; amendments to the Higher Education Act; extension of "prevailing wages" rules to additional construction jobs; a study of seasonality in construction work; additional funds for manpower and Head Start programs and increased benefits to unemployed railroad workers and retirees.

The unions also succeeded in blocking transference of the Head Start Program from the Office of Economic Opportunity to the Office of Education; an amendment to forbid food stamps to some strikers; amendment of the Railway Labor Act regarding disputes between air carriers and unions; amendment of the Taft-Hartley law to prohibit strikes against public utilities; amendment of the national emergency provisions of Taft-Hartley, and consideration of a postponement of pay increases to postal workers.

On the other hand, union lobbyists lost their attempt to prevent denial of federal money to students who take part in campus uprisings.

A testimonial to the unions' lobbying power in recent years was made by President Johnson in his last month in office. He journeyed across Lafayette Square to the AFL-CIO headquarters and gave Mr. Meany a plaque on which were mounted pens he used to sign 100 bills which the AFL-CIO's lobbying machine had pushed.

President Johnson said at the occasion: "I looked over my diary last night, and I have met with

Mr. Meany and his assistants many times, but with Mr. Meany, himself, 49 times in personal meetings either in my office, the Oval Room or in the mansion.

"In addition to that, he has called me or I have called him 82 additional times. We have had some rather extended conversations in those telephone calls."

Under the new President, the unions have no intention of letting up on their drive to get Congress to enact what unions want.

Drives in the statehouses

Union lobbyists will hardly be idle either in state legislatures this year. All state legislatures meet this year except those of Kentucky and Mississippi.

The unions' state lobbyists will fight hard to prevent rulings for arbitration of strikes by public employees, tougher penalties against striking public employees and higher sales taxes.

The AFL-CIO Executive Council last February also launched a state-by-state drive to fight a proposed constitutional amendment to limit one-man one-vote apportionment.

The lobbyists meanwhile will push for proposals giving more bargaining privileges and higher pay to public employees, barring professional strikebreakers, imposing tougher state occupational safety regulations and more workmen's compensation and unemployment insurance, and relaxing voter registration laws, especially state residency requirements.

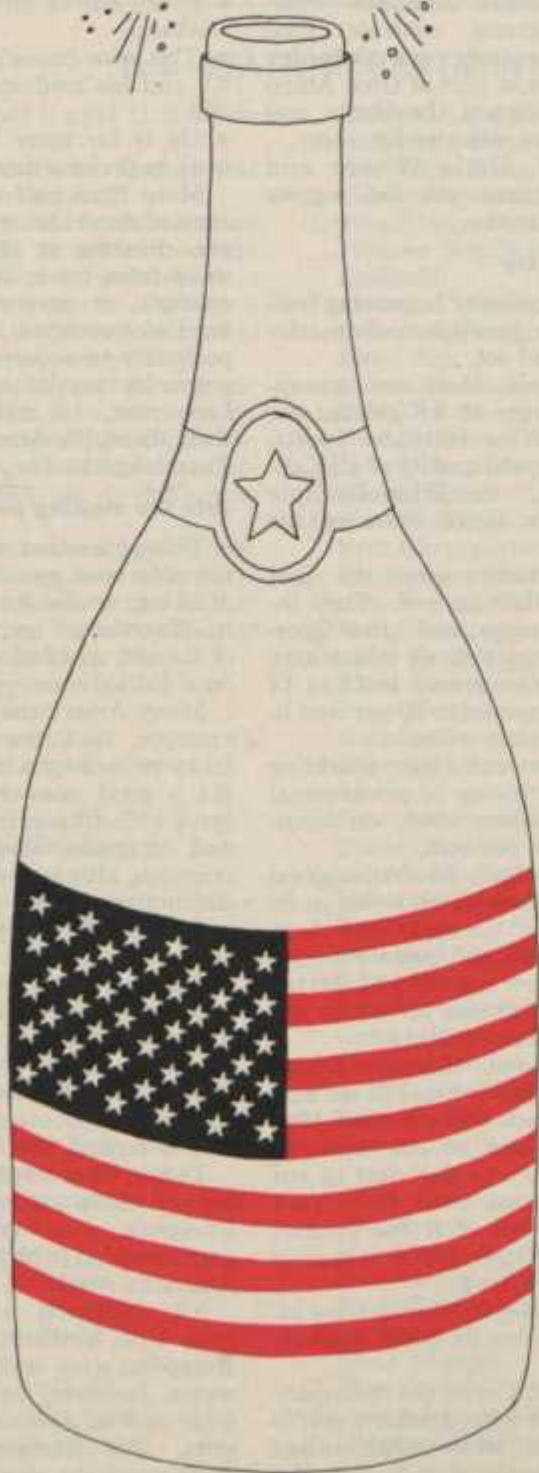
Union lobbyists also will back state consumerism bills, imposing such things as greater seller's liabilities, "truth-in-lending" regulations and meat and poultry inspection rules.

The Journal of the Electrical Workers, AFL-CIO, implores members: "Regardless of the political affiliation of state representatives and senators, we should increase our efforts to get legislation through state legislatures this year which will benefit working people."

"Become active in state, county and city political parties. Work through state Electrical Workers associations and state AFL-CIO bodies and county and area AFL-CIO councils."

Thus, the union lobbying juggernaut rolls on—a factor in almost every ruling by any legislature in the land. **END**

GOODBYE WATER, HELLO CHAMPAGNE



Parisian entertainer and boulevardier Maurice Chevalier strolled one day into a sidewalk cafe in Manhattan. He seated himself and summoned the garcon.

A waiter hurried to his table, gave him the menu and a tumbler of water, then waited for him to order.

The Frenchman glared at the glass, then bellowed:

"I'm thirsty; not dirty."

Today, more and more Americans would tend to agree with Chevalier, although they have not completely adopted the attitude that water is unfit for internal use.

Wine and wine drinking are rapidly growing in popularity in the U. S.

The mushroomlike growth of Les Amis du Vin is a sign of the times. Four years ago, it had one chapter, in Washington, D. C., and a handful of members.

Today, it has 24 chapters, the newest in Anchorage, Alaska, and a membership that tops 5,000.

All are wine buffs. They enjoy drinking wine, especially with food, and they like to learn more about it. Les Amis du Vin encourages both.

There's a lot to learn.

One American authority, Alexis Lichine, has written an encyclopedia of wines that runs to 713 pages, not counting foreword and introduction.

But fortunately for U. S. vintners, you don't need to do encyclopedic reading about wine to enjoy drinking it. Consumption has soared thanks more to educated palates than to book-learning.

Table wine is tops

Most of the increase is in table or dinner wines, served with meals. In 1958, 50 million gallons of still and sparkling table wines went down American throats. Last year, Americans drank 108.3 million gallons.

Since 1950, sales of all wines in

GOODBYE WATER, HELLO CHAMPAGNE *continued*

this country have racked up a 44.6 per cent gain. But still and sparkling table wine sales rose 162.5 per cent.

Most of these wines are not imports. Produce of France, Germany, Italy, Portugal and Spain may have been nationally available longer. But wines made from grapes grown in the United States have 90 per cent of the American market.

Don W. McColly, president of the Wine Institute, an association of California wine-makers, says:

"In the California wine industry, we believe our steady growth has been earned by the quality of our wines."

The boom in wine hasn't hurt the beer or liquor business. In 1968, Americans drank 111 million barrels of beer, up 3.8 per cent over the previous year's intake of 106,974,397.

Liquor sales were up, too. Last year, the U. S. Department of Commerce reports, distillers shipped \$1.5 billion worth, up 4.8 per cent from a year earlier.

"Liquor business is our bread and butter," says one liquor store owner. "But wine is an added sale."

These dry statistics reveal a significant change in America's habits of living—or dining.

"Wine consumption is up," says Paul Schlem, board chairman, Gold Seal Vineyards, Inc., "because Americans are beginning to drink wine like Europeans do. Namely, with food."

If so, the outlook for the industry is dazzling. The French, for example, consume annually about 31.7 gallons of wine per capita, man, woman and child. In the United States, the figure for adults is 1.74 gallons.

In 1968, shipments of American-made wine and brandy totaled \$446 million. This year, Commerce Department estimates, they'll reach \$470 million. This is what the wine and brandy makers get for their products. Retail value, of course, is far higher.

This long-term trend toward the grape has made wineries desirable properties.

Heublein, Inc., recently took control of United Vintners, producers of Italian Swiss Colony, Petri and Inglenook wines. In 1967, National Distillers bought Almaden Vineyards. Seagrams controls Paul Masson Vineyards, and Schenley Industries (now part of Glen Alden Corp.) has owned the Roma and Cresta Blanca wineries for years.

E. and J. Gallo Winery and United Vintners are the biggest American wineries.

The college try

Wine's popularity is growing fastest with the younger, college-educated, married set.

In California, adults are consuming it at a rate of 3.8 gallons per capita, the Wine Institute reports.

"The increased quality of all California wines," the Wine Institute says, "gets a lion's share of the credit."

Table or dinner wines are light wines—red, white or rosé. They include champagne and other sparkling wines, as well as still wines. Their alcoholic content is 12 to 14 per cent—compared to 20 per cent in the sweet dessert wines.

Champagne and other sparkling wines are enjoying a phenomenal popularity. Since 1950, consumption is up 520 per cent.

Here, taste buds have triumphed over taxes. Washington levies an \$8 a case "bubble" tax on the sparklers. "That's equivalent," one California authority points out, "to a \$3,060 tax on an acre of grapes for which the grower gets about \$310.12."

Latest Internal Revenue figures show California produced 83 per cent of all U. S.-made wines in fiscal 1968 and 55 per cent of our domestic champagne. Forty per cent of our champagne came from New York State, nearly all of it the product of the tiny Finger Lakes region in northern New York.

This year, the California wine industry celebrates its 200th anniversary.

On the East Coast, the metropolitan New York wine-drinker's profile is that of the white-collar college graduate. Here's what Becker Re-

search Corp. discovered in one survey of wine-buyers:

- Nearly half have attended college.
- Seven out of 10 are white-collar workers.
- The wine-buyer's median age is 43, and his median income is \$13,200.
- He is far more likely (three to one) to prefer a dry wine to a sweet.

More than half of the new fanciers of American wine say they began drinking it after sampling it away from home—at a friend's, for example, or at a restaurant. Millions of Americans have had the opportunity to acquire a taste for the grape by tourist trips to Europe. Last year, 1.5 million Americans went there, the American Society of Travel Agents, Inc., estimates.

Into the melting pot

This generation of Americans has not only been more exposed to wine drinking, it also knows more about it. Knowledge has shattered some of the old, snobbish shibboleths that once chilled consumption of wine.

Many Americans have found, for example, that you needn't pay a fancy price for an imported wine to get a good one—or a fine one—to serve with dinner. In fact, European and American wines have a lot in common, although each has its own distinctive virtues.

In the 1870's, phylloxera, a parasitic pest that has a deadly effect on European grape varieties, almost wiped out wine-making in Europe. Fortunately, native American wine grapes are nearly immune to phylloxera. So Europeans imported American root-stock in wholesale lots to replant their vineyards.

Today, 60 to 90 per cent—depending on whose estimate you use—of European wine grapes grow on grafts wedded to phylloxera-immune American stock.

All California wines are made from *Vitis vinifera*, the traditional European wine species. New York wines, however, are made mostly from native American grape varieties. The European wine grape can't stand the climate of northern

New York. Varieties of the native American wine species, on the other hand, don't thrive in a warm climate like California's. Marketing experts, and other close students of cultural phenomena, point to rising

income as one of the major reasons why Americans are drinking more like their European cousins. Today, some 15 million American families have incomes of \$10,000 or more. Each year, another million

families join them. "The richer we get," says Alfio Moriconi, a founder of Les Amis du Vin, "the more we like to live it up."

"You know, goodbye, water; hello, champagne." **END**

THE STATE DEPARTMENT POINTS THE WAY

Puzzled about a good U. S.-made wine to buy?

Perhaps the State Department has solved your problem.

It encourages U. S. ambassadors and their staffs to serve American wines. Recently it summoned a committee of experts to draw up a representative list of domestic wines anyone can serve with pride.

"There are other premium American wines which have not been included on this list," the State Department says. So if your own favorite wine isn't on it, don't stop buying it.

Your palate is your best expert.

But for guidance, here is the State Department's "Selected List of Premium American Wines." They're listed alphabetically by area.

CALIFORNIA

Almaden Vineyards

Cabernet Sauvignon
Pinot Chardonnay
Pinot Noir
Johannisberg Riesling
Gewürztraminer
Grenache Rosé
Blanc de Blancs Champagne
Solera Cocktail Sherry

Beringer Brothers

Pinot Noir

Beaulieu Vineyard

Cabernet Sauvignon
Cabernet Sauvignon Private Reserve
Beaumont Pinot Noir
Beaufort Pinot Chardonnay
Beauclair Johannisberg Riesling
Grenache Rosé
Brut Champagne

Buena Vista Vineyards

Zinfandel
Cabernet Sauvignon
Vintage Port

The Christian Brothers

(Mont La Salle Vineyards)
Dry Sauvignon Blanc

Chateau La Salle
Concannon Vineyard
Sauvignon Blanc
Cabernet Sauvignon
Cresta Blanca Wine Co.
Premier Sémillon
Zinfandel

Inglenn Vineyard Co.

Cabernet Sauvignon
Pinot Noir
Pinot Chardonnay
Pale Dry Sherry
Naville Rosé
Ficklin Vineyards
Tinta Port

F. Korbel & Bros., Inc.

Brut Champagne
Champagne Rosé
Hanns Kornell Cellars
Brut Champagne

Charles Krug Winery

Pinot Chardonnay
Pinot Noir
Chenin Blanc
Cabernet Sauvignon
Zinfandel
Johannisberg Riesling
Gamay Rosé

Louis M. Martini

Cabernet Sauvignon
Zinfandel
Johannisberg Riesling
Pinot Noir
Pale Dry Sherry
Gamay Rosé
Gewürztraminer

Paul Masson Vineyards

Emerald Dry
Gamay Beaujolais
Pinot Noir
Pinot Chardonnay
Champagne Brut
Champagne Extra Dry
Rare Dry Sherry
Rare Tawny Port

Novitiate de Los Gatos

Black Muscat
Flor Sherry
Mirassou Vineyards
Cabernet Sauvignon

Parducci Wine Cellars, Inc.

Zinfandel
Samuele Sebastiani
Barbera
Souverain Cellars
Johannisberger Riesling
Zinfandel
Green Hungarian
Stony Hill Vineyard
Pinot Chardonnay
Wente Bros.
Pinot Chardonnay
Dry Sauvignon Blanc
Pinot Blanc
Sémillon

NEW YORK:

Gold Seal

Fournier Nature
Johannisberger Riesling Spätlese
Pinot Chardonnay
Fournier Brut Champagne

Great Western

(Pleasant Valley Wine Co.)
Delaware
Diamond
Vin Blanc Sec
Great Western Extra Dry
Champagne

Taylor Wine Co.

Vin Rosé
Pink Champagne
Champagne Brut
Dry Sherry

Widmer's Wine Cellars, Inc.

Elvira
Niagara
Catawba
Dry Sherry
Dr. Konstantin Frank
Johannisberger Riesling Spätlese
(or Auslese or Trockenbeerenauslese)

MARYLAND:

Boordy Vineyard

Rosé

OHIO

Meiers Wine Cellars, Inc.

Catawba
Cream Sherry



business: a look ahead

AGRICULTURE

New construction and design techniques for buildings may help cut costs of farming.

That's goal of one test at Rutgers University agricultural experiment station.

Project involves "confined feeding" dairy barn, built in circle 60 feet in diameter with 34 stalls at perimeter and feeding area at center. Arrangement is said to reduce need for labor to

move cows to outside feeding area. Structure is made of panels with paper core and coated with plastic reinforced by Owens-Corning Fiberglas, roofed over with folding sheet metal with panels to admit light. Goal here is to reduce maintenance costs.

Results of experiment won't be known for several months.

CREDIT AND FINANCE

Tight money's impact on spending will come when consumers conclude inflation and interest rates are about to slow down.

This is one housing economist's view of what will happen to inflationary psychology that continued to spur heavy housing demand earlier this year despite rising costs and interest levels.

"We've never seen people pay the rates they're paying today," he says. "People have never been willing to." This accounts for strength in new housing starts and building per-

mits in first months of 1969. To be sure, there's impact of postwar baby boom, which some forecasters tended to underestimate.

But inflationary psychology—if I don't buy now I won't buy at all—appears even stronger element.

Same economist says soaring construction costs and interest rates are having effect on market for existing homes. He sees signs of many buyers seeking to assume old mortgages of 5½ or 6 per cent.

MARKETING

Youth market is out there, fragmented but capable of being reached on national basis; and it's growing in both numbers and spendable income.

That's lesson of National Student Marketing Corp., firm organized to target in on the under-25's by means other than mass media. Incorporated in 1966, firm uses 800 student representatives to cover some 2,000 college campuses; pushes everything from airline youth

fares to razor blades via ads in student publications, posters, student paraphernalia like desk blotters.

Tie-in with organization of high school clubs hits below-college market.

Firm, founded by Cortes W. Randell, now expanding to acquire firms in clothing, ceramics, travel and related fields. Sales exceeded \$5.5 million last year, and may reach \$25 million in 1969, spokesmen say.

NATURAL RESOURCES

New resource-based industry will be the prospect for some timber areas of U.S. if demand for naval stores shifts or new technique for processing raw material is developed.

So says official of U. S. naval stores lab at Olustee, Fla., where tests were made to determine yield of ponderosa pine stumps as source of pine oils, resins, turpentine.

Major manufacturers now extract naval

stores from longleaf pine, mainly in Florida. Tests showed ponderosa stumps yield 600 pounds of extract per ton of wood. Arizona alone has 500,000 acres of such stumps, estimated at two tons per acre.

Yields from this source differ in some chemical and physical characteristics, cautions lab official, and more work is needed before process proves economical.

MANUFACTURING

If efforts to slow economy take hold, any drop in capital goods orders will be translated quickly into reduced production and shipments.

Machinery and Allied Products Institute says this is because of fundamental changes in industry as compared to earlier experience.

In decade preceding 1958, wide swings in

backlog created situation where shipments rose for two years after orders began declining.

But in decade since, manufacturers have boosted productive capacity and managed production so as to sustain healthy ratio of shipments to orders despite growth rate that hit 20 per cent at end of last year.

TRANSPORTATION

Greatly expanded use of containers, among all technological developments in transportation, appears most likely to bring about further changes in the industry.

That's assessment of Transportation Association of America official in commenting on "Transport Technological Trends," published by TAA earlier this year.

Publication examines prospects for several innovations, ranging from SST and air-cushion land and sea vessels now in varying stages of

development to idea of individual rapid transit vehicles.

But container use appears single major foreseeable development. Weight problems of containers for aircraft use appear on way to solution. This plus introduction of jumbo jets is expected to spur use.

Also forecast is trend toward greater use of containers to extent of partially supplanting boxcars on railroads, van-type trailers in trucking industry.

FOREIGN TRADE

Great Britain continues to encourage direct U. S. investment and reasons aren't hard to find.

American companies now account for 10 per cent of manufacturing industry output in Britain and for more than 17 per cent of exports. Official sources say measurement is difficult, but U. S. operations serve to improve British balance of payments.

Exports by American firms help as do manu-

factures by American firms of products that otherwise would have to be imported.

About half of expansion in recent years has been reinvestment of profits earned by U. S. subsidiaries.

American sources note that Britain gains in taxes, and that it benefits from research carried on in this country and from improved control methods applied to conventional machinery—all leading to higher British productivity.

CONSTRUCTION

Rising cost of home construction—a politically sensitive subject—presses government to overhaul forest management practices.

Housing demand, military requirements and export drain have focused pressure on available logs; but supply has been limited by federal policies; forest fires and severe weather which hampered logging.

Mill price average for softwood lumber rose 30 per cent in year ended last December, soft-

wood plywood 77 per cent; and rise continues. Increase of 10 per cent adds one per cent to cost of finished home.

Industry won legislation restricting log exports, though effects won't be felt immediately. So industry is calling on government to apply intensive forest management to timber lands in federal ownership, like that done on private lands, to boost yields without depleting resources.

EXCLUSIVE INTERVIEW WITH THE FULL COUNCIL OF ECONOMIC ADVISERS

President's key aides talk about inflation, interest rates, budget cutting, tax incentives, housing prospects, government controls, wage-price policy, credit and international trade

Inflation may soon be on the wane. So say the members of the President's prestigious Council of Economic Advisers in an exclusive interview with NATION'S BUSINESS.

If we have turned the corner on inflation, if the cost of living is heading down again but the economy doesn't dip into recession, the Nixon Administration will have scored one of the most important economic achievements in modern times. It will have proved that "gradualism" really works. It will have shown the world that tighter spending, taxing and credit policies applied slowly but surely can let the air out of a balloon without bursting it.

Few men have more fateful responsibilities in government than the three members of the Council of Economic Advisers. They have the ear of the President on national and international economic policy which ranges from foreign trade to ghetto jobs.

PHOTO: FRED WADD-BLACK STAR



What they urge him to do, or eschew, can have a profound effect on the prosperity of the nation and the lives and fortunes of all.

Congress established the Council in 1946. Since then, it has steadily gathered prestige and influence.

President Truman largely ignored it. President Nixon doesn't.

All three busy members of the President's Council rarely appear together to meet the press. But here they give their views on the major economic questions of the day.

Would each of you say briefly what you believe is the most serious economic problem facing us now?

Dr. Paul McCracken: I think there are two problems equal in importance.

One, of course, is the problem of cooling this long-sustained inflation to establish the basis for more orderly economic growth.

And the second is the problem

WHO'S WHO ON COUNCIL

Dr. Paul W. McCracken, chairman of the President's Council of Economic Advisers, is a graduate of William Penn College, Oskaloosa, Iowa. He holds a master's degree and a Ph.D. in economics from Harvard University.

He is considered a "generalist," with a broad knowledge of all fields of economics, but strongest in monetary policy and banking.

He is 54, short, slight, but athletic—he was the gum-chewing champion of Country School No. 1 in his native Iowa, and played right guard on the football team at Richland High (enrollment 87).

He once described himself as "a fairly substantial proportion of the nation's supply of Republican economists."

Dr. Hendrik S. Houthakker, youngest member of the Council, was born in Amsterdam, Dec. 31, 1924. He has a degree of "Doctorandus in Economics" from the University of Amsterdam.

He likes agriculture and has his own farm in Vermont. His wife is a professor of philosophy.

Dr. Houthakker is an authority on international economics.

Dr. Herbert Stein, 53, a native of Detroit, has an A.B. from Williams College and a Ph.D. in economics from the University of Chicago.

He, like Dr. McCracken, is a witty speaker. He appears diffident in public but is known as a man who holds and voices his views strongly.

In 1944, as a young, unknown economist, he won a \$25,000 Pabst Brewing Co. award for an essay on how to provide full employment after World War II. Dr. Leon Keyserling, later President Truman's chairman of the Council of Economic Advisers, came in second.

Dr. Stein, author of the new book, "The Fiscal Revolution in America," is an authority on fiscal policy.



INTERVIEW WITH COUNCIL OF ECONOMIC ADVISERS *continued*

of trying to make more progress toward bringing the disadvantaged more rapidly into the mainstream of our economic life.

Dr. Herbert Stein: I would certainly agree that those are the two most important and urgent problems.

If you look a long way ahead, I think we need to alter the trend in the rate of growth of the government as a force in this economy, both as a controller and as a spender, and to do that in a way which is consonant with bringing the disadvantaged into the full benefits of this system.

Dr. Hendrik Houthakker: I agree that the three problems which we have cited are certainly the most important ones.

If I may mention a fourth, it is our balance of payments and the whole problem of international trade.

Dr. Stein, talking about cutting the role of government as a force in the economy, could you elaborate on that?

Dr. Stein: I have two things in mind. First, the trend towards gradually taking more and more control over the economy. I think this Administration has taken some steps to reverse that trend. One of these steps was throwing out wage-price guidelines.

I think the Administration obviously intends to make more progress in that direction by loosening government controls over foreign investment.

There are a lot of other unnecessary federal controls—of prices, of business practices and so on—many of which originated many years ago, to deal with problems that no longer exist.

I think these controls should be done away with, unless they can make a strong case for themselves. It has been a long time since anybody took a close look to see if they are justified—or not.

The other thing is the inexorable tendency for the federal budget to grow. It grows mainly in response to the real problems. But the expenditures for the old programs remain.

We just attempt to solve new problems by adding new expenditures. We never, or rarely, weed anything out of the budget.

I think it is time for a rigorous look at the budget in terms of what

we now regard as more important national objectives, to keep it from growing so much in all directions.

Dr. McCracken, how would you describe the Administration's approach to inflation fighting? Doesn't President Nixon's request for a year's extension of the income tax surcharge mean you have given up on gradualism and now intend to step on the brakes much harder?

Dr. McCracken: I think the term "gradualism" possibly was never a very felicitous term for what we had in mind. At least if this gave the impression of a lack of decisiveness, then it was not a good term.

What we had in mind was to set a course more nearly consistent with orderly economic growth—on a more noninflationary basis.

The first requirement here was to deal with basic fiscal and monetary policies. The request for the surcharge is quite in line with that objective. Extending the surcharge is essential to keeping the budget surplus in a strong position, and especially if we are to have the kind of monetary policy that would be consistent with our objective.

The only thing we have tried to avoid is some kind of sledgehammer approach which might leave the whole economic system in pieces. Nobody wants that.

Dr. Stein: I think we should say a word more about the implication which is in your question. Namely, that there was a change in policy to step up the fight against inflation.

I think this request was only carrying out what had been planned from the beginning. That policy called for not only retaining the budget surplus, but if possible increasing it somewhat after the middle of this year.

Similarly, with respect to monetary policy, it was thought from the beginning that we would need a persistently restrained monetary policy throughout the year. This policy will have to be implemented, from time to time during the year, by certain actions.

These actions, when they come, will not mean a change in policy. We will be then doing what the policy calls for.

Will inflationary pressures increase later this year after government employees and others get pay raises,

and when people are finished paying their social security taxes?

Dr. McCracken: I would hope that inflationary pressures would begin to wane by the latter part of this year. With the stronger budget, with a less expansive monetary policy which began about the first part of the year, this would at least be a reasonable expectation.

Taking into consideration all the steps you intend to take to slow down inflation, what specific impact will these have on businessmen?

Dr. McCracken: I think one can say that the better these policies operate, the more difficult it will be to identify the specific impact.

If these policies to restrain inflation were to come down very harshly on some specific segment of business it would be easy to identify the effect. But not if the impact is spread widely across the economy.

I think the impact will be very widely diffused. It is going to make some difference, probably, in state and local spending, particularly that part that has to be financed by borrowing. Possibly there will be some effect on housing. Ultimately, I would expect some on plant and equipment spending. And even consumer spending.

To be very specific, will businessmen who are making long-term loans at high interest rates now regret it six months later?

Dr. McCracken: Well, that is an interesting question. I dare say there might be some.

Whether six months from now will turn out to be the critical period, I don't know.

I do think there will be some borrowers committing themselves for long periods at these very high rates who may, down the way, be uncomfortable.

That is if, according to your earlier prediction, you do have some waning in inflation before the end of the year?

Dr. McCracken: That is correct.

When you say you believe inflation will be waning by the end of this year, does that mean if we continue the 10 per cent surtax and the excise taxes, and also have a budget surplus for fiscal 1970 of \$5.8 billion?

Dr. McCracken: I think a good



"We have tried to avoid . . . some kind of sledgehammer approach which might leave the whole economic system in pieces. Nobody wants that."—Dr. McCracken.

strong surplus in 1970 is going to be very helpful. I wouldn't say anything is essential.

There is one element here that is very important—that monetary and credit policy remain on a course of relatively slow expansion.

This is why it is important to have a strong budgetary position. When you get a \$25 billion deficit as we had last year, monetary policy has trouble staying on the tracks, too.

If, indeed, inflation does begin to peter out, what would you consider an acceptable amount of progress?

Dr. McCracken: I suppose the only figures we would consider completely acceptable would be zero inflation and zero unemployment.

The probability of achieving that is, of course, very low.

The important thing is to start making some progress. We haven't had enough experience with this to try to sketch out precisely just what the profile of the price movement might be.

If the consumer price index were, say, moving at the rate of 3 per cent

by December, instead of more than 4 per cent now, would you be fairly pleased?

Dr. McCracken: I would consider that to be better than the way it is moving now.

Dr. Stein: Obviously that would be a great improvement. But we aren't deciding how much it will be at the end of this year.

What we are saying is that if the budget is kept with a significant surplus, and if the rate of growth of the monetary variables is kept significantly below what it was in 1967 and 1968, the rate of inflation must taper off.

The rate at which it will taper off is very hard to predict—and really less important than being sure that you have set a course which will bring inflation down.

We can't be sitting here saying, "Well, it didn't go down this month as much as we would like. We will have to do something else."

That would just get us into all kinds of trouble.

If you can't say how long it will take to get inflation down to where you

want it, may I ask you this: Is it taking longer than you thought?

Dr. McCracken: I think my response would be very much in line with what Herb Stein has just suggested. We have to be very careful about attaching too much significance to month-to-month changes.

It is simply impossible to make estimates of these month-to-month changes.

And in trying to see whether we are making any progress, I wouldn't try to calibrate that so much in terms of the price index as in terms of what is happening to the budget, and monetary and credit policy.

Because if we do the right thing so far as these fundamentals are concerned, the price level will respond.

How rapidly, and what the scenario would be month by month, is impossible to say.

Do you expect unemployment will stay below, say, 4 per cent, as inflation comes under control?

Dr. McCracken: We have always taken the view that so long as people are trying to find jobs and can't find them, we have a problem. But on the other hand, we also have a problem of extreme social distortions which inflation is producing.

We have to deal with that and I don't think anyone can give assurance that this can be done with no adverse effect on unemployment.

I would not, however, expect a severe rise in the unemployment rate.

How would you define "severe"?

Dr. McCracken: I wouldn't attach a figure to it.

Suppose it went above 4 per cent? What would you do then?

Dr. McCracken: I resist the suggestion that we have a series of trigger points. I think this matter of trying to zig and zag policy in the past has been importantly responsible for the fishtail problems that we have had to deal with. At this stage of the game, the important thing is to get monetary and fiscal policies on the right basic course.

Is it really a case of some unemployment now or possibly more later on, if inflation isn't stopped?

Dr. McCracken: That is a very real possibility.

Looking at the economy now, we

INTERVIEW WITH COUNCIL OF ECONOMIC ADVISERS *continued*

can't deny there are enormous distortions. We are getting a lot of inflation-mindedness that it is increasingly built into decisions. This can become more and more troublesome.

Put it this way: The present value of future economic distress is going to be less if we deal with it now than if we resist facing up to the problem.

What do each of you think should be done if the present policies don't work after a period of time? What are the next steps?

Dr. Houthakker: I would say that there are certain steps which we could try. I should make it clear, to avoid any misunderstanding, that direct price and wage controls are not on this list.

Dr. McCracken: Well, I would say that your question is a little like, how would we organize the world if we suddenly found that the law of gravity suddenly worked the other way.

I am confident that if we deal with fundamentals, we will get the response after the usual time lag. One reason I am confident is that much of our present problem can be very directly traced to aberrations in monetary and fiscal policy.

I would want to associate myself with what Henk Houthakker has just said.

I don't see any role for price and wage controls.

You said "after the usual lag." What do you consider the usual lag?

Dr. McCracken: Well, statistical evidence on this varies a bit. Let's say after six to nine months.

From when?

Dr. McCracken: You would really have to date this, I think, from around the turn of the year.

Monetary policies certainly began to move on a far less expansive course around the turn of the year.

Fiscal policy, budget, came into a better state even earlier, as of mid-1968.

On the other hand, certain things tended to blur the effectiveness of that for a while. I would say dating this as of about the beginning of the year.

Dr. Stein: I agree. I think if we find that our policy isn't working, of course, you want to know why it isn't working before you think of what to do next.

One thing we would have to con-

sider is whether the monetary institutions do not perform the job that we think of them as performing.

That is, whether there is a great mass of liquidity or money substitutes being created that is not controlled by the present mechanisms, and whether you would need to do something about altering the financial system.

That is, if the financial system is not an adequate instrument for this purpose, I think that will have to be thought about.

I don't have any reason to believe that is going to happen. But this is one of the things I can conceive of as frustrating the effectiveness of the present policy.

You have said that you would not want to resort to wage-price guideposts such as the last Administration had.

Dr. McCracken: Our disinclination to move toward guidelines would be our disinterest in the ineffectualities. One thing is abundantly clear from this experience: The guidelines seem to be most clear-cut when they are least needed, and exceedingly am-

biguous when they start to be needed.

Do you think interest rates are going higher still?

Dr. McCracken: Herb, do you want to comment on that?

Dr. Stein: I think interest rates will be a product of the policy that is followed. I believe the policy we are following will, in the end, reduce nominal interest rates as it reduces the expectation of inflation—and that will happen.

Whether there will be a further rise or not, between now and the time that begins, I don't really know.

What are the prospects for a housing slump this year?

Dr. Stein: Our estimates do not portend a slump of anything like 1966. We think that housing starts may be very slightly less at the end of the year than, say, on the average of last year.

We don't foresee a major or a significant climb in the rate of housing starts.

I think people who are close to

"I should make it clear, to avoid any misunderstanding, that direct price and wage controls are not on this list" (of Administration anti-inflation weapons).—Dr. Houthakker.



the industry do not foresee any critical decline in the rate of housing construction.

Dr. McCracken: I think a major development here is the advent of more mortgage financing with "kicker" type arrangements—equity participation, that sort of thing. This may well help to explain why we haven't seemed to get the air pocket in housing this time that we did get in 1966.

One thing we may see, however, is that housing starts in the aggregate hold up pretty well, but that the strength is in multiple units—with single family units and financing of single family units a little more difficult.

Would any of you recommend fighting inflation by correcting inefficiencies and shortages on the labor side, and maybe attempting to fight concentration of power—if it exists—on the business side?

Dr. McCracken: Sure. A vigorously competitive economy is certainly essential. The government also needs to explore some things in the public sector that may have a direct effect on inflation in one form or another.

A specific illustration is what we have been doing on the lumber problem, where we have had an enormous increase in price. A very substantial part of the lumber, as you know, comes in one way or another from public lands. We have been looking into this problem and taking some actions—making more lumber available from government land and cutting back on government buying to ease the demand for lumber. And those actions have had some effect.

Don't these actions amount to intervention in the price system or the market? How are they different from actions that were taken, say, in the Johnson Administration to affect supply and hold down prices?

Dr. McCracken: Do you mean, how are they different from, say, trying to bat down the price of steel?

Right.

Dr. McCracken: I think the principle involved here is fundamentally different.

In the case of lumber, the fact that there was a sharp rise in prices led us to see whether there were some things the government was doing that were contributing to this. One of the things you find is the

significant proportion of our lumber that comes from public lands.

We asked ourselves: Are we managing in this area properly? What could be done?

That is quite different, it seems to me, from hearing that a certain industry is raising prices, getting on the telephone and trying to argue them out of it.

Do you think there is any chance that the cure for the inflation could be worse than the disease itself?

Dr. Houthakker: No. I think there is a cure for inflation, and that it is not by any means very painful, provided we can manage it sufficiently delicately.

We certainly are afraid of sudden measures which might be worse than the disease we are trying to cure.

But I think as long as we proceed gently, there is no danger.

Does a much tighter budget, much lower spending, imply abandoning any of the proposals for tax incentives to business for solving social problems?

Dr. McCracken: Incentives are not crossed off the list.

What direction will these incentives take?

Dr. Stein: There are a number of possibilities. There are questions whether the incentives should be for training and employing a certain kind of person, or training and employing people in a certain area, or investing in a certain area; whether the incentive should be permanent or temporary; whether it should be general or somewhat localized; how you could distinguish between the training and employment that goes on anyway, and the part that might be induced by the incentive.

There are a number of technical questions to be answered. They are being worked on. So it is still too early to say what the proposal will be when there is one.

Getting to the balance of international payments, what are the prospects for the rest of the year?

Dr. Houthakker: The prospects for 1969 are for some deficit.

The experience of 1968, which, of course, nominally showed a small surplus, was really influenced very much by special factors, including a certain amount of window dressing.

In fact, there was no true surplus in 1968. There was a deficit,

though not a large one. At the moment, it doesn't look likely that 1969 will be better than 1968, even after correcting for special transactions.

Looking further ahead, what can be done next year?

Dr. Houthakker: The long-term outlook for our balance of payments is not altogether reassuring, I would say. Bringing inflation under control will help.

Should we have more flexibility in the international money exchange rates? For example, if the news reports are correct, you advocate widening the permitted trading margins from 1 per cent on either side of parity, to 2 or 3 per cent. Not too long ago Treasury Undersecretary Paul Volcker was quoted as saying this idea had been discussed in academic circles and that's where it should stay.

Dr. Houthakker: There are many people, inside and outside the Administration, who feel that a greater degree of flexibility in the international monetary system would be helpful. There are other people, quite naturally, who are skeptical. So there still is a certain amount of agreement to be reached.

Certainly we all, including Secretary Volcker, are interested in further exploration of this possibility.

Isn't there a conflict between the belief in free trade and the voluntary quotas now being pushed?

Dr. Houthakker: As a matter of pure logic, I would say that there is some contradiction there. If you put it in political terms, you will have to admit that occasionally one has to make a compromise in one area in order to achieve a greater good in other areas.

Gentlemen, is the so-called New Economics dead?

Dr. McCracken: Frankly, I was never very clear what the New Economics meant.

Dr. Houthakker: I have never quite understood either what was meant by the New Economics in any technical sense. If it means a belief that fiscal policy alone can be used to get the desired results, then I would say that particular feeling is pretty dead, yes.

Then, does the Council believe that monetary policy is as important as fiscal policy today?

Dr. McCracken: I wouldn't attempt

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COUNCIL OF ECONOMIC ADVISERS *continued*

to assign weights to them. I would say that monetary and fiscal policy are extremely important and have to be operated in a complementary way, or else things will just not work. But monetary policy is very important.

Dr. McCracken, earlier you mentioned as one of the serious economic problems, the problem of the disadvantaged. What more can be done to solve it?

Dr. McCracken: I think we are going to have to approach this problem with perhaps a greater sense of humility. The most important thing is not to give the impression that we have simple and easy solutions.

The ultimate solution obviously will have to be jobs and employment and the kind of involvement of these people in our social and economic system which enables us to benefit from the creativity and the energies that inhere in these people themselves.

Many of them are saying they want a piece of the action, to participate more closely in what affects their own destiny. And, when you stop to think of it, that is what the Founding Fathers said also.

There is a lot of protectionist talk. When you get talk, you usually get some action. What effect would this have?

Dr. Houthakker: Generally speaking, protectionism doesn't help the balance of payments because it implies a misdirection of resources. This, by itself, may be harmful to trade as well.

I think the arguments in favor of voluntary textile quotas don't have anything to do with the balance of payments.

The Administration has relaxed some overseas investment controls. Should they be totally removed soon?

Dr. Houthakker: It is certainly the policy of this Administration to remove those controls as soon as possible. We have to bear in mind the fact that our balance of payments is not in very good shape and therefore we have to proceed slowly. Complete removal can not be expected in the course of this year, unless there are unforeseen developments.

We are thinking, if everything goes as we expect, that it might take maybe a couple of years or more to get rid of all the controls. **END**

"I think it is time for a rigorous look at the budget in terms of . . . national objectives to keep it from growing so much in all directions."—Dr. Stein.



HOW TO KEEP ON TARGET

A well-known consultant says you must answer these three questions to match your actions with company goals

Do your key people constantly keep your company's prime needs foremost in their minds?

Recent surveys reveal a fact that is disquieting to many presidents. Too often, a wide gap exists between executives' actions and company goals. Chief executives assume their key people have objectives solidly in view, when in fact they do not.

The trouble is that too often executives interpret goals in their own way.

A research and development director, for example, may be too strongly new product-oriented to appreciate that the company's most critical need actually is for expanded market penetration through improvement of existing products. Experience proves that such inconsistencies are not at all uncommon.

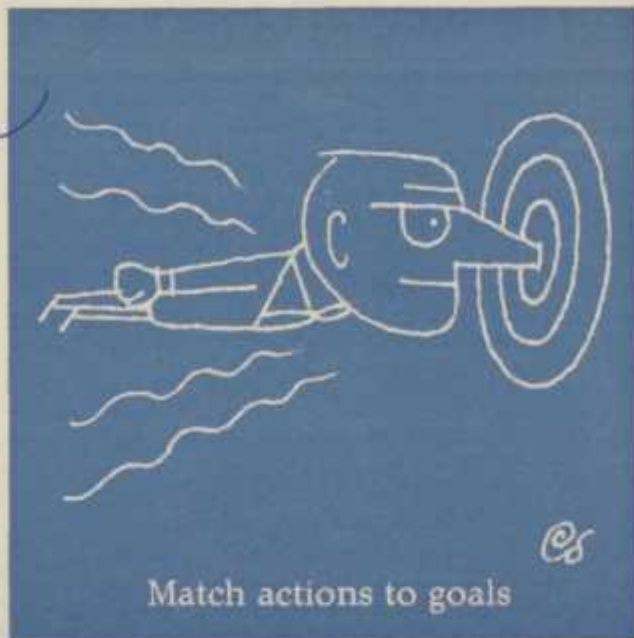
But there is a practical and tested solution to this universal goal-action gap. It starts with three vital and searching questions which should be posed to every key executive in your company, and to every key executive candidate you interview.

1. What are the factors vital to your company's successful operation?
2. How have your activities related to these vital success factors?
3. What contributions have you made to the company's profitability in the past year in terms of these factors?

These questions were developed some years ago during an executive search assignment for American Airlines.

Finding men with the basic requirements of education, experience and personality was no problem. But when it got down to the narrower refinements of selection how could we know for sure which of these ap-

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parently capable men was best fitted to fill this particular job for this particular company? At this point, the questionnaire trilogy was evolved.

We realized we had to relate the accomplishments of the applicants to specific company needs. To achieve this, an insight was needed into the candidate's action-goal perspective in his present company. If the applicant had acquired an accurate picture of how his own activities fitted in with his company's needs, the selection process could quickly be narrowed.

Interviews told much

Applying this strategy, the interviews were very revealing. Most candidates, although high level individuals, could not respond intelligently to question number one. They were at a loss to identify the key factors vital to their companies' success.

What they offered instead was generalities: "We have to cut our manufacturing costs." "We need better people." "We have to upgrade profits."

Out of a large group of candidates for the job as a personnel executive, all but two were disqualified.

The first candidate was employed by a soap company at that time. Asked to define his company's critical success factors, he replied: "Since most of our competitors make similar products, our success depends largely on our ability to market our product line successfully."

He saw aggressive marketing as a key success factor and related his activities to two areas: improving marketing personnel selection and performance in the marketing area, and improving the industrial relations climate to prevent the company from having crippling strikes.

Finally, the third question. What did he regard as his most significant contribution toward helping his company accomplish its profit goals?

After thoughtful consideration, he replied: "With the help of a psychological testing organization, I developed a grid for testing marketing applicants. This testing procedure has worked effectively to help the



Honor organization aims

company select the most qualified, aggressive, resourceful marketing people available. I also developed a sales incentive program and created an industrial relations program to help employees identify with the company. In the industrial relations area, we went from several slowdowns and work stoppages per year to a peaceful labor relations environment.

"We were able to increase the output—and sales volume—of each marketing person substantially. We reduced turnover and we had a good feedback of ideas into market planning."

These amounted to meaningful contributions.

The other of the remaining candidates also worked for a consumer products company. He also pinpointed his employer's critical success factors in the specific areas of marketing and labor relations.

Asked to explain how his activities related to these factors, he replied: "We have an oldline management in a highly competitive environment. Their traditionally paternalistic approach to employee relations has backfired. Both rank-and-file and middle management people are antagonistic toward the company. Through my role in the personnel department, I have been trying to generate a new environment conducive to better long-term relations, and have had considerable success."

"Another major effort has been devoted to reducing an excessive turnover of sales personnel who are disenchanted with the company for the same reasons as the internal employees."

Fielding the third question, the candidate reported that his most important contributions to profitability related directly to the two factors designated. "Prior to the implementation of my labor relations program there had been numerous strikes and work stoppages. Not one has occurred since my program has been put into effect."

"I also achieved good results in creating a more flexible environment for marketing personnel. I was

able to convince my management that this was the way to foster creativity and an aggressive marketing outlook. Top management attitudes altered considerably as a result, and turnover has been substantially reduced."

Based on their handling of the three questions cited, we were convinced both of these men were qualified for the job. They had proved their understanding of company goals by evidence of goal-directed action. Candidate number two was ultimately employed by the airline.

Separating the men from the boys

Needless to say, these three questions are not the sole criteria for selecting executive candidates and evaluating present employees. But they can help immeasurably in separating men who truly manage from men who flounder. They provide a keen insight into an executive's personal perspective on his objectives and responsibilities. They are particularly useful in helping you spot wasted energy among your key people.

I knew an executive who served as employment manager for a carpet manufacturer. His company was slowly declining. Still, he worked diligently to refine one of the finest executive development programs in the nation.

He succeeded beautifully, and it is very much to his credit. Unfortunately, however, he was not serving his company's best interests. His employer was in serious financial straits. The prime need was for diversification and an effective cost control program to widen profit margins. Without fulfillment of these twin objectives, the best executive development program in the world could not turn back the company's rockbound course.

Instead the manager was pouring thousands of dollars into executive development.

Executives in a variety of fields have already applied the trilogy of questions with outstanding success. The questions can help you measure performance of subordinates. They are useful in planning individual goal-setting and executive compensation.

Incentives help, of course. The more attractive the prize, the more sharply targeted the manager's effort. Still, even under the best incentive program, repeated guidance and reference to agreed-upon goals are essential. The questionnaire, re-examined at regularly recurring intervals, automatically fills this need. It keeps a manager's sights properly lined up with his company's.

A failure to establish—and reassess—meaningful goals has doomed more than one otherwise workable incentive plan to failure.

As one company president commented recently: "Goals? I thought we had them spelled out to perfection—until an analysis of executive goals and their relationship to corporate objectives was made. At that point, it became crystal clear to me that all we had was a mundane listing of duties and responsibilities."

You have to inject self-discipline into an appraisal program and at the same time personalize it to the maximum degree possible. When specific objectives



have been clearly spelled out and agreed upon, managers need to examine their own consciences and ask themselves such soul-searching questions as: "To achieve this goal, in what ways must I change myself? What new skills will I need? How can I make more profitable use of my time?"

For goals to be meaningful they must be realistic and attainable, of course.

Ideally, an executive should participate in the structuring of the objectives he will be expected to fulfill. (Many progressive companies follow this practice.) He should feel confident the goals are achievable, and realistic with the standards specified. Most of all, he must be personally committed to their attainment. If a man does not wholeheartedly believe in his goals, his total dedication to their purpose will be hard to come by.

Effective goals are set with a profit (or growth) target in mind. Relating the goal to profit or growth, the compensation program to the goal, and the individual to the compensation program makes the best sense in the world.

Using the questionnaire trilogy as a gauge to test the effectiveness of the over-all effort is one of the best ways we know to insure its success.

A chain of consistency

Meaningful corporate planning implies consistency all down the line. As one chief executive puts it: "Plans should fold together as neatly as the pleats of an accordion. The individual's plans should tie into his group's, the group's into the department's, the department's into the division's, the division's into the company's. From the top level down, the projected actions of each sub-body must be predicated on the long and short range goals of the level above it."

We believe also that the organization structure must be established to permit fixing accountability for key factors to success.

When the wheels get wobbly, the train tends to go off the track. Too often a company's make-or-break

factors are not explained to executives down the line. Perhaps the president has not adequately defined these factors or assigned responsibility for their performance. Or, though he has defined and assigned them properly, somewhere along the way the chain of communications may have been broken.

Often, as chief executive, you are caught between conflicting forces. You are compelled to contend with the human element. A man is weak in certain areas. He is unable to cope with a specific kind of problem.

As a result, you are tempted to compromise. You soften a standard. You temper a goal. But the problem of how and where—and indeed, whether—to compromise, can be disquieting. You know that the one thing you cannot afford to do is rationalize away the essential profit picture of your company.

Before a president can apply the three-question approach, of course, he must accurately assess his company's crucial success factors. Presidents are sometimes influenced by their own background in evaluating the make-or-break factors in a company.

In one firm where we were called in for consultation, the chief executive had only recently taken over the reins from his retired chief. The new president's orientation leaned heavily to accounting.

He knew the company required new direction. He had been studying the company's problems, he said, and was beginning to understand the needs involved. "It's not new products as some of my people think. It's cost control. That's where we are weakest."

Our first task was to test his premise. It quickly became apparent that the president had unwittingly steered off the main profit artery. Costs were a secondary problem.

The number one concern was that the organization was in dire need of a dynamic marketing and product acquisition program to recoup as quickly as possible vital ground that had been lost to the competition.

The new president came to understand that he had incorrectly defined his company's critical success factors. With the tri-question inquiry as a launching pad, he was able to redirect his efforts into more fruitful channels.

The president who is able to identify with great accuracy his company's critical profit factors possesses a powerful advantage in achieving the company's growth objectives.

It is a rare talent. But a president can sit down with his key executives and try to define the five or six activities that control the company's destiny. These few carefully chosen factors can sharpen and orient the company's progress. Picking out larger numbers may blunt its direction.

Having determined these factors, assignments and commitments can be made that will keep the company unswervingly on the track.

END

REPRINTS of "How to Keep on Target" may be obtained from NATION'S BUSINESS, 1615 H St. N.W., Washington, D.C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance with order.

PROFIT VERSUS PRIDE

THE TROUBLE WITH BLACK CAPITALISM

By ANDREW F. BRIMMER
Member,
Board of Governors,
Federal Reserve system

Whether a Negro businessman can be expected to succeed doing business almost entirely in an all-black community depends primarily on the scale and nature of his business activity.

At one extreme—consisting primarily of small-scale neighborhood retailing and the provision of personal services—the likelihood of success for at least a few businessmen seems fairly high. At the opposite extreme—in manufacturing, construction, transportation and wholesale trade—there appears to be virtually no possibility of operating a viable enterprise whose output is sold only in the Negro market.

Between these extremes, the prospect of success seems to diminish rapidly as the scale and technical sophistication of the enterprise increase.

These conclusions follow a careful analysis of capital and managerial requirements, costs and efficiency, and market conditions affecting operations of profit-making enterprises in the United States today. Unfortunately, these objective considerations are frequently obscured by the pursuit of goals (sometimes sentimental, sometimes political) which have little to do with the marketplace.

Historically, racial discrimination and segregation in this country produced effects quite similar to those associated with a protective tariff in foreign trade: Two markets emerged.

The market for goods (with the exception of housing) was generally open to all consumers, including Negroes. However, the other market—that for services—was circum-



scribed severely as far as Negroes were concerned. Because Negroes had little access to many establishments serving the general public such as barber and beauty shops and hotels and restaurants, Negro businessmen historically concentrated on meeting these needs with their own shops, hotels and cafes.

Thus, it is not accidental that the vast majority of self-employed Negro businessmen is found in a few lines of activity. In 1960 (the latest date for which comprehensive census data are available), about one third of the 46,400 Negro men and women in business for themselves provided personal services or operated eating and drinking places. This proportion was about double that for all self-employed businessmen and women.

In contrast, the proportion of Negro businessmen in lines such as manufacturing, construction and wholesale trade was well below the national average. Even within the retail trade field, which accounted for nearly three fifths of self-employed Negro businessmen compared with one half of all self-employed businessmen in the country at large, black store owners were especially scarce in lines such as hardware and building materials, furniture and home furnishings, apparel and motor vehicles and accessories. All of these latter categories traditionally served Negro customers on approximately the same basis as other customers.

Impact of desegregation

With the progress of desegregation the considerable protection which segregation provided for Negro businessmen has been eroded substantially. Thus, in virtually every large city (especially in the East and Midwest), hotels and better class restaurants which previously catered exclusively to Negroes have encountered hard times. Many have closed their doors. While the opening of new motels and specialty eating and drinking places in predominantly Negro areas has compensated in part for the losses, the migration of Negro customers to facilities catering to the public generally is striking.

The adverse impact of these developments on Negro businessmen concentrating in those activities formerly protected by segregation is also striking. This can be seen most clearly in the income trends among nonwhite men during the 1960's.

Between 1959 and 1967, mean income of all self-employed nonwhite males rose by roughly 114 per cent to about \$7,200; among all self-

employed white men, the rise was only 44 per cent to approximately \$8,500. In sharp contrast, income gains for self-employed retail merchants were much smaller for both groups (39 per cent to about \$7,400 for whites and 28 per cent to about \$4,500 for nonwhites).

Expressed differently, in 1959, average incomes of both white and nonwhite retail merchants were well above the average incomes of all employed men (13 per cent above all whites for white retailers and 28 per cent above all nonwhites for non-white retailers). By 1967, however, the averages for self-employed retail merchants showed smaller rises and were below the averages for all employed men—9 per cent below all whites for white retailers and 12 per cent below all nonwhites for non-white retailers.

Black capitalist prospects

It is against these currents that many black capitalist enterprises are launched. Yet, profitable operation of many of these ventures, especially those started on the assumption that a segregated market can be restored, is by no means assured. A careful examination of the scale of operations and the size of markets necessary for an efficient, profitable business suggests that black-owned firms face severe obstacles if their activities are confined to the Negro market. In industries such as construction, manufacturing, transportation and communications, and wholesale trade, the most efficient activities seem to center in medium-to-large enterprises that require substantial capital investment and cater to markets considerably larger than can be found in local black communities.

Even in retail trade, where Negro businessmen have the greatest experience, the task of building larger units to serve the Negro market exclusively remains formidable. For example, in numerous cities, efforts are made to establish shopping centers in ghetto areas, with super-market food stores being key units in most developments.

The experience with these projects has been mixed. In general, it seems that the initial community response has been fairly good. Before very long, however, the rate of growth typically has slackened, and in some instances it has actually declined.

At least two factors contribute: The potential demand in the local area assumed to be the outlet's natural market frequently has turned out to be less than projected, and the competition from other stores, especially from units of large chain

organizations, has been more intense than anticipated. Secondly, to cover higher operating and other costs, many black-owned supermarkets have had to post prices 10 to 15 per cent above those prevailing at chain store outlets.

Aside from these adverse factors on the demand side, some new ventures have received special assistance from wholesale food distributors in stocking inventories and acquisition of buildings. The lag in sales has squeezed their cash flow and made it difficult to meet these commitments. The situation has been aggravated by high labor costs per unit of sales.

In manufacturing the outlook is even less promising—if factory production is to be sold mainly in the Negro market.

Although it may not be widely appreciated, a sizable number of Negro businessmen at one time were operating manufacturing enterprises. Their activities were focused mainly on production of cosmetics which were sold primarily through Negro barber and beauty shops and by door-to-door salesmen. However, little more than a decade ago, major cosmetic firms producing for the national market "discovered" the Negro market and began to turn out products specially designed for Negro consumers. Under the impact of this competition, most of the small-scale Negro-owned factories could not survive.

More recently, large apparel manufacturers have started producing "African motif" garments, and nationwide food processing companies may soon bring out "soul food" lines. Both areas have seen the emergence of Negro-owned firms in the last few years.

So black businessmen should not count on nationally oriented manufacturing firms leaving the Negro market to Negro entrepreneurs. Besides, one should not expect Negro consumers to persist in paying higher prices to subsidize high-cost local retailing establishments that show little prospect of achieving the economies of scale that would enable them to survive in the long run.

Instead, one should conclude that the only really promising path to equal opportunity for Negroes in business as in other aspects of economic activity lies in full participation in an integrated, national economy. It cannot be found in a backwater of separatism and segregation.

To travel this more promising path will require the best efforts of all of us—black and white—in both the public and private sectors. **END**

SOUND OFF TO THE EDITOR

SHOULD PROFESSIONALS REPLACE DRAFTEES?

The Pentagon is taking a long and close look at the pros and cons of completely professional armed forces.

Converting to professionalism would, of course, rule out the draft, which has been criticized so widely for inequities. ROTC and reserve organizations would be abolished, or altered drastically.

Salaries paid all ranks would have to be increased greatly, or else too few men and women would think of the military in career terms. The cost, critics of a change say, would be prohibitive.

Also, professional soldiers are open to charges of being "hired kil-

lers," "Hessians" and "Prussians." It is estimated that between one fourth and one third of the new force would be Negroes who would see a chance to get further ahead in uniform than as civilians.

A fully professional military establishment would take at least some of the responsibility for our security away from civilians, critics claim. This, they say, is not what the Founding Fathers had in mind.

On the other hand, full-time, long-term professionals would have time to become just that, "professionals." Ranks would no longer be filled with temporary, time-serving soldiers. Higher pay might even attract better

candidates for high rank in services.

Agitation against military service which now is so prevalent among young people across the country would have little meaning. A fully professional Army, Navy and Marine Corps might be the answer to those who claim antimilitary sentiment is so entrenched that we never again can raise a multimillion man force through the draft.

Proponents of professionalism deny that civilian control would be weakened. They say it would be maintained, since civilians would still hold the purse strings.

So the arguments go—for and against. What do you think?

Jack Wooldridge, Editor
Nation's Business
1615 H Street, N.W.
Washington, D.C. 20006

Should professionals replace draftees?

☐ Yes ☐ No

Comments:.....
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SOUND OFF RESPONSE:

THE HIGH COST OF LIVING ELSEWHERE

Readers of NATION'S BUSINESS are split on the issue of whether cities should tax nonresident workers.

Considerable fervor was raised on both sides of this question, asked in the April issue: "Should people pay to support a city where they work even if they don't live in it?"

Many readers believe that if a person pays taxes to a city he should be allowed to vote in that city regardless of where he sleeps.

Some are convinced it is unconstitutional to tax a person without representation.

Many responses to the question point out that people who work in a city but live elsewhere already pay relatively heavily to the city in sales taxes, property taxes on business buildings, purchase of licenses.

Respondents who favor taxing people who work in the city but live outside argue along several lines.

Some say that taxes should be apportioned between place of residence and place of work; that there's a moral obligation to help support the city where you work.

Others think that if you get fire and police protection from a city while you are working there, you should help pay for it.

Here are sample answers on the negative side:

"City taxes are definitely taxation without representation," says William Gladstone, advertising manager, *The Coshocton Tribune*, Coshocton, Ohio. "If this type of tax is put before the public and the public passes it by a vote, then it becomes a fair tax."

Rawdon Myers of the Rawdon Myers Agency, Cincinnati, advances this thought: "The federal government should preempt all income taxes. It is the only agency which can collect effectively and equitably. The government should not waste the money and should return a fair (and fixed) percentage of it

to local governments." "Nonresidents already pay excessive taxes where they live. Their companies already pay excessive taxes for services," says James J. Doyle, vice president, Interstate Machinery Co., Philadelphia. He points out that cities don't levy taxes on visitors.

T. R. Nicholson, president, Stevens Brothers, Inc., Pittsburgh, writes: "The city of Pittsburgh provides little service for the amount of taxes at the present time. It seems the more they (politicians) receive, the higher they raise their own wages. What is needed is efficient management instead of political mismanagement."

Harry A. Konefes, part owner of Schemmings retail store, Quincy, Ill., says nonresidents already pay city taxes "and have for years." He points out his store pays real estate taxes, personal property taxes. And he asks, "Is it fair" that because a nonresident lives in the suburbs he is not allowed to vote in the city, has no voice in running it?

Robert J. Wileden, president, Wileden-Cullen Co., Inc., Lansing, Mich., raises this thought: "If revenue is deemed necessary, it might be a better plan to have each state levy a 1 per cent flat personal income tax and then redistribute this revenue to each county governmental unit on a per capita basis to be used as they deem necessary or as directed by the cities living in that county."

W. M. Bondurant, president of Bondurant's Furniture Showroom, Martinsville, Va., writes, "I have always been an advocate of total reciprocity. Most things average themselves out. The worker in a city who lives elsewhere spends money in the city. Reciprocity in 50 states is the answer."

One of the things wrong with cities is that too many people are leaving them, says R. M. Becker,

general manager, Polyfab Corp., of Denver, Colo. "Cities argue that too many businesses are relocating in suburban areas, yet city taxes provide further motivation for such moves and are not conducive to attracting new businesses."

T. A. Hayden, president, Royal Worcester Ceramics, Inc., feels city governments should find other ways to raise money. Also, he says, waste should be reduced.

Both Dr. L. Conrad Rowe of Birmingham, Ala., and Mrs. Robert West of Bob's Mobile Homes, Mansfield, Ohio, point out that nonresidents spend much of their money in the cities and the cities derive monetary benefit through these purchases.

Many other answers to the question come in emphatic terms from executives and employees of some of the best-known companies in the United States.

Among those saying such taxes are unjustified: Donald K. Veale, with Aetna Life and Casualty Co. in Los Angeles; Advertising Supervisor W. Hoke, N. W. Ayer & Son, Inc., Detroit; T. G. Fandrick, Western Pacific Railroad Co., Detroit; John Savas, Research Engineer, Republic Steel Corp., Cleveland; E. E. Lovin, General Manager, Tempking Corp., Dallas; R. P. Ketelsen, vice president of marketing, Denes Co., Inc., Burbank, Calif.; I. J. Retzlaff, Secretary, Michigan Bell Telephone Co., Detroit; George Roberts, President, Applied Concepts, Inc., New York; William A. Klatt, American Telephone and Telegraph Co., New York.

Among those with decisive "Yes" answers to the question: Bruce A. Koontz, Chicago Kansas City Freight Line Inc., Kansas City, Mo.; Stephen D. Hibbs, Marathon Oil Co., Findlay, Ohio; Harry A. Mueller, New York Life Insurance Co., New York; advertising man W. Paul Bradley, Ramsdell, Buckley and Co., Inc., Philadelphia.

B. V. Merrill of Pershing and Co., New York, feels at least some city taxes should be paid by nonresidents. R. S. Earhart of Goodyear Tire and Rubber Co., Akron, Ohio, explains that he would be "in favor of city income taxes if there was a reciprocity agreement whereby 50 per cent of the tax collected would be returned to the municipality of the taxpayer. Akron will not reciprocate although surrounding 'bedroom' cities will, as will such other large Ohio cities as Toledo."

Here are some other "Yes" an-



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SOUND OFF RESPONSE: HIGH COST OF LIVING ELSEWHERE *continued*

swers: C. G. Orgeron, chief accounting officer for Williams, Inc., New Orleans, favors such tax paying but "only on an apportioned basis. For instance, if I work and spend only one fourth of my time in the city, I should be subjected to only one fourth of the resident's tax."

The Very Rev. T. W. Blair of St. Louis' Episcopal Christ Church writes with obvious feeling, "Why should the place where a man sleeps be the final criterion on where he should pay taxes? If he earns his living in the city, why should not

some of these earnings provide services for his financial headquarters?"

Leslie R. Daugherty, president, Lee Electric Inc., Ft. Lauderdale, Fla., writes, "Since it is evident that cities must have some source of tax support, I believe it should be levied in such a manner that those deriving benefits are the payees—city real estate taxes to cover services (police-fire, etc.), a portion of gas tax to cover road costs, a portion of the state and tobacco taxes to cover many of the other services."

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THE MOST IMPORTANT YARDSTICK IN PICKING MEN

J. W. Oakes, owner of Personal Service Cleaners of Houston, writes, "Those people who are enjoying the benefits of the cities should be willing to pay part of the expenses."

H. C. Brettell, president, Norman Barnes & Co., Seattle, expresses this view: "I believe that the people utilizing the city's services should pay some portion or percentage of the taxes. People living in the city should not have the burden of paying for the additional services required."

"However, a city's nonresidents should also have their taxes reduced by the same percentage in their own city as they are not using the full services provided by that city while working in another city."

Howard Fritz, general manager, Frey, The Wheelman, Inc., of Rochester, N.Y., says he lives in a suburb but still believes "some sort of tax should be paid where the money is earned." His business is in the city.

D. F. Weaver of D. F. Weaver Co., Dallas, approves such taxation but he insists that it be held to a reasonable amount.

R. M. Jones of Louisville, Ky., who signed his note, "Just an out-of-the-city worker," declares simply, "I expect protection from fire and criminal elements while I work in the city. It's only fair I should pay for it."

Sam Riggs Sr., retired attorney of Liberal, Kans., says he believes "suburban dwellers who work in the city should pay part of the cost of operating their business domicile. The mechanics of doing this create a problem, particularly where the residence and business locations are in different states. Nevertheless, the equitable basis for such taxation exists."

Mr. Riggs points out he has lived in the suburbs and worked in Chicago and Detroit and "cheerfully paid city auto license taxes."

Several respondents point out that suburbs exist only because of employment offered by businesses inside the cities. As one declares, it is immature and irresponsible to take money from such an area without also trying to make that area better.

END

Business leaders must acquire special skills in four prime areas:

- Solving wide-ranging problems.
- Setting goals and making decisions consistent with their attainment.
- Devising organization structures through which to act.
- Developing a willingness in followers to do what's expected.

Moreover, executives need to know how these skills are intertwined.

But of all the skills, the selecting and inspiring of your people is probably the most valuable.

Winston Churchill once observed that "Great leaders of men, in statecraft, in the profession of arms, as captains of industry, become great because of the quality of their decisions." And of these, he continued, "the decisions which test their mettle most are in making choices of men."

Much as any human being may be tempted otherwise, making these choices of men ought never to be much influenced by seniority, by ties of blood or by demands of friendship.

One of Abraham Lincoln's admiring contemporaries once observed that his strength as President lay most in his almost complete disregard, when choosing men on whom he placed great reliance, of whether they liked him or, indeed, whether he particularly liked them.

Invariably, his paramount concern was, instead, who will most advance our common cause? Such objectivity is hard to come by.

This heavy burden is why conscientious and sensitive executives, when suddenly moved into top management circles, are often surprised to discover that their new jobs are lonely ones.

The evidence seems especially

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clear on this point. Great leaders who have most left their impress upon business institutions of our time—Andrew Carnegie, John D. Rockefeller, Elbert Gary, Marshall Field, Gen. Robert Wood of Sears, Alfred Sloan and Henry Ford, to name a few—not only had personal magnetism, which attracted able men to their service, but shared another rare quality: They could be completely objective, some say ruthless, in choosing associates.

Indeed, if corroboration is needed, the marked decline in the Ford empire of 30 years or so ago coincided with the aging founder's unaccountable departure from this practice so notable in his formative years. (It was left to a younger and less entangled generation of management to rebuild the organization.)

All such men, in their own ways, inspired devotion in those who worked with and for them. They demanded much. Yet their relationships were, in the truest sense, productive.

It is not likely they gave much thought to "good human relations" per se, about which today's industrial psychologists profess so much concern. Given inspired and creative leadership in an organization, these things have a way of taking care of themselves.

It is always easy to attribute business success or failure to "lucky breaks of the game." But make no mistake, consistently successful business performance is always the work of able leaders.

It is not uncommon to discover that "fine old companies," by popular reputation, have actually fallen below the danger level. Their top officials demand little of themselves and less of each other. They resist change. They distrust the uncertain future.

Not infrequently, they are scandalously out of touch with the bright young men who, if they have not already left, are almost sure to be lost in lower levels of management where promising innovations are discouraged for lack of authority.

END

A SIZE-UP

Conglomerates, glamor girls of the corporate world, are being rebuked by critics in government and private industry.

Certainly conglomerate mergers have increased sharply in number and size. Some of these acquisitions may concentrate power in a market or absorb firms that could be potential competitors. They may involve unwise pyramiding of debt, stock speculation and use of earnings to pay off debentures rather than modernize.

Or as their defenders say, these mixed mergers may well provide the best use of capital funds, shake out obsolete managements and boost the returns to stockholders and customers. In some cases they may increase competition rather than reduce it.

Some who look aghast at today's corporate conquests, however, are upset over business size itself.

Size alone is no indication of monopoly power. Our complex industrial society demands giants in autos, steel and other industries. There could be no competition without such size.

In business, bigness is not badness any more than a glamor girl is automatically unvirtuous.

How do you make a boat go faster, ride softer, and save gas doing it?



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If you thought last year's 16' Sportsman was the ultimate in soft-riding performance, you had lots of company.

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